

OFFICIAL STATEMENT

NEW ISSUE (BOOK ENTRY ONLY)

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

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

**CITY OF OAK CREEK
MILWAUKEE COUNTY, WISCONSIN
\$10,500,000 Taxable General Obligation Promissory Notes, Series 2015C**

Dated: September 29, 2015

Due: September 1, 2018

The Taxable General Obligation Promissory Notes, Series 2015C (the "Notes") are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Notes will be general obligations of the City of Oak Creek, Milwaukee County, Wisconsin (the "City") for which its full faith, credit and resources are pledged. The Notes are being issued for the public purpose of paying the cost of refunding the City's Taxable General Obligation Promissory Notes dated October 15, 2013 (the "2013 Notes") on their maturity date of October 1, 2015. (See "THE NOTES – Obligations to be Refunded" herein.)

The Notes will mature September 1, as follows:

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CUSIP No.</u> ¹ |
|-------------|---------------|-------------|--------------|-------------------------------|
| 2018 | \$10,500,000 | 2.125% | 1.38% | 671137VA2 |

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

Principal of the Notes, payable at maturity, and interest, payable each March 1 and September 1, commencing March 1, 2016, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein.

At the option of the City, the Notes are subject to redemption prior to maturity in whole or in part, by lot, on September 1, 2017 or on any date thereafter at par plus accrued interest to the date of redemption.

The Notes are offered when, as and if issued, subject to the receipt of the approving opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. The Notes will be available for delivery on or about September 29, 2015, 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.

September 15, 2015

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

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

This Official Statement is in a form deemed final by the City for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)).

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

Stephen Scaffidi, Mayor
(Term Expires April, 2018)

COMMON COUNCIL

| <u>Name</u> | <u>Aldermanic District</u> | <u>Term Expires</u> |
|--------------------------|--------------------------------|-------------------------|
| Steven Kurkowski | First | April, 2017 |
| Daniel Bukiewicz | Second | April, 2016 |
| Mark Verhalen | Third | April, 2017 |
| Michael E. Toman | Fourth | April, 2016 |
| Kenneth Gehl (President) | Fifth | April, 2017 |
| Chris Guzikowski | Sixth | April, 2016 |

CITY ADMINISTRATION

Gerald R. Peterson City Administrator
Bridget M. Souffrant Finance Director/Comptroller
Catherine A. Roeske City Clerk*
Barbara A. Guckenberger City Treasurer*
Lawrence J. Haskin City Attorney

* Elected positions. Current terms expire April 2018.

BOND COUNSEL

Quarles & Brady LLP
Milwaukee, Wisconsin

UNDERWRITER

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

REGISTRAR AND FISCAL AGENT

Officers of the City
Oak Creek, Wisconsin *

*The contact person for fiscal agent matters is Barbara A. Guckenberger, City Treasurer.

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SUMMARY

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

| | |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issuer | City of Oak Creek, Milwaukee County, Wisconsin |
| Issue | \$10,500,000 Taxable General Obligation Promissory Notes, Series 2015C |
| Dated Date | September 29, 2015 |
| Principal Due | September 1, 2018 |
| Interest Payment Date | Commencing March 1, 2016 and on each March 1 and September 1 thereafter. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. |
| Redemption Provision | At the option of the City, the Notes shall be subject to redemption prior to maturity in whole or in part by lot on September 1, 2017 or on any date thereafter at par plus accrued interest to the date of redemption. (See "THE NOTES – Redemption Provisions" herein.) |
| Purpose | The Notes will be issued for the public purpose of paying the cost of refunding the 2013 Notes on their October 1, 2015 maturity date. |
| 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 Notes. |
| Authority | The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes and a resolution adopted by the Common Council on September 15, 2015. |
| Tax Status | Interest on the Notes is included in gross income for present Federal income tax purposes. (See "LEGAL MATTERS – Tax Status" herein.) |
| Credit Rating | The Notes have been rated 'A2' by Moody's Investors Service, Inc. |
| Underwriter | Hutchinson, Shockey, Erley & Co. |
| Registrar and Fiscal Agent | Officers of the City |
| Record Date | The 15 th day of the month preceding an interest payment date. |
| Delivery Date and Place | On or about September 29, 2015 through the facilities of DTC in New York, New York. |
| Denominations | The Notes will be issued in denominations of \$5,000 each and integral multiples thereof. |
| Bond Years | 30,683.33 Average Life 2.922 years |
| Continuing Disclosure | 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 \$10,500,000 Taxable General Obligation Promissory Notes, Series 2015C

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 \$10,500,000 Taxable General Obligation Promissory Notes, Series 2015C dated September 29, 2015 of the City of Oak Creek, Wisconsin.

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 on the City's website at www.oakcreekwi.org or 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, 8640 S. Howell Avenue Oak Creek, Wisconsin, 53154, telephone (414) 768-6510, croeske@oakcreekwi.org; or from Hutchinson, Shockey, Erley & Co., Inc. at (414) 298-9898.

THE NOTES

Purpose

The Notes are being issued for the public purpose of refunding the 2013 Notes on their maturity date of October 1, 2015.

The 2013 Notes were issued for the purpose of paying project costs listed in the Project Plan for Tax Incremental District No. 8.

Authority for Issuance

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, and a Resolution Authorizing the Issuance and Sale of \$10,500,000 Taxable General Obligation Promissory Notes, Series 2015C (the "Resolution") adopted by the Common Council on September 15, 2015.

Description

The Notes are dated September 29, 2015 and will bear interest from their dated date to their maturity date. Principal of the Notes will be payable at maturity on September 1, 2018. Interest will be payable each March 1 and September 1, commencing March 1, 2016.

Sources and Applications of Funds

Sources of Funds

| | |
|---------------------|----------------------|
| Par Amount of Notes | \$ 10,500,000 |
| Premium | <u>25,000</u> |
| TOTAL | <u>\$ 10,525,000</u> |

Applications of Funds

| | |
|----------------------------------|----------------------|
| Cost of Refunding the 2013 Notes | \$ 10,525,000 |
| TOTAL | <u>\$ 10,525,000</u> |

Obligations to be Refunded

The outstanding obligations to be refunded on their maturity date of October 1, 2015 with Note proceeds are as follow:

2013 Notes

Issue: \$10,525,000 Taxable General Obligation Promissory Notes
Dated: October 15, 2013
Maturity Date: October 1, 2015

| <u>Year</u> | <u>Principal Amount of 2013 Notes to be Refunded</u> | <u>Principal Amount of 2013 Notes Not Refunded</u> |
|-------------|--------------------------------------------------------------|------------------------------------------------------------|
| 2015 | \$ 10,525,000 | - 0 - |

Sources of Payment for the Notes

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

Security for the Notes

As security for the Notes, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The tax will be levied under the Resolution for collection in each of the years 2016 through 2018 or monies to pay debt service will otherwise be appropriated.

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

Redemption Provisions

At the option of the City, the Notes shall be subject to redemption prior to maturity on September 1, 2017 or on any date thereafter. Said Notes shall be redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Notes are to be redeemed, selection of the Notes to be so redeemed shall be by lot conducted by DTC in accordance with its rules and practices. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Notice of Redemption

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

THE RESOLUTION

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

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

BOOK-ENTRY-ONLY SYSTEM

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

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest 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 instrument (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 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 and www.dtc.org.

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

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities within a maturity 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 such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

11. Issuer 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Registrar and Fiscal Agent

Officers of the City will act as the registrar and fiscal agent for the Notes.

CUSIP INFORMATION

CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is provided for convenience of reference only. The City and Underwriter take no responsibility for the accuracy of such data.

THE CITY

Introduction

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

The City's 2014 population estimate is 34,707. The City has 240 full-time and approximately 100 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 will expire in April 2018.

Administrative Organization

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

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

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

Services

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

Public Safety

The City's police department has 57 police officers, 19 full-time and 9 part-time employees. The fire department has 47 firefighters of which 34 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 | 12/31/16 | 43 |
| International Association of Firefighters, Local 1848 AFL-CIO | 12/31/14 ¹ | 42 |
| Labor Association of Wisconsin (LAW) | 8/31/15 ¹ | 44 |

¹ In negotiations.

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 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety employees and transit employees, with respect to any factor or condition of employment except total base wages. The City or employee union has the option to pursue mediation and grievance arbitration. Voluntary impasse resolution procedures are prohibited for municipal employees, other than public safety employees and transit employees, 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. 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.

| | <u>Preliminary</u> <u>2015</u> | <u>Estimated</u> <u>2014</u> | <u>Estimated</u> <u>2013</u> | <u>Estimated</u> <u>2012</u> | <u>Estimated</u> <u>2011</u> |
|--------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| City of Oak Creek | 34,791 | 34,707 | 34,695 | 34,530 | 34,495 |
| Milwaukee County | 949,795 | 949,741 | 950,410 | 948,322 | 948,369 |
| State of Wisconsin | 5,753,250 | 5,732,981 | 5,717,110 | 5,703,525 | 5,694,236 |

Source: Wisconsin Department of Administration, Demographic Service 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> |
|-------------|--------------------------|-------------------------|---------------------------|
| 2013 | \$ 54,870 | \$ 37,290 | \$ 50,670 |
| 2012 | 53,580 | 44,460 | 49,900 |
| 2011 | 52,780 | 42,830 | 47,640 |
| 2010 | 51,858 | 41,932 | 46,958 |
| 2009 | 51,078 | 41,704 | 45,372 |

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 Residential¹ Building Permits</u> | |
|----------------------|------------------------------------------------|----------------------------|-------------------------------------------------------|--------------|
| | <u>Number</u> | <u>Value</u> | <u>Number</u> | <u>Value</u> |
| 2015 (As of 7/31/15) | 24 | \$103,271,017 ² | 16 | \$ 4,352,332 |
| 2014 | 39 | 72,048,221 ² | 21 | 5,141,453 |
| 2013 | 27 | 5,809,735 | 23 | 5,649,234 |
| 2012 | 40 | 10,418,725 | 34 | 6,767,555 |
| 2011 | 58 | 15,176,978 | 50 | 10,102,378 |
| 2010 | 52 | 17,559,538 | 43 | 8,758,538 |

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

² Includes building permits for the Drexel Town Square development, the Oak View Business Park and apartment complexes.

Source: City of Oak Creek

Employment

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

| | <u>July 2015</u> | <u>2014 Average</u> | <u>2013 Average</u> | <u>2012 Average</u> | <u>2011 Average</u> | <u>2010 Average</u> |
|--------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| City of Oak Creek | 4.1% | 4.9% | 6.3% | 6.5% | 7.1% | 7.8% |
| Milwaukee County | 6.1 | 7.0 | 8.4 | 8.6 | 9.3 | 10.0 |
| State of Wisconsin | 4.5 | 5.5 | 6.8 | 7.0 | 7.8 | 8.7 |

Average Annual Employment

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| ALL INDUSTRIES | 476,466 | 474,718 | 469,191 | 468,725 | 465,103 |
| Construction | 9,920 | 9,266 | 8,889 | 9,546 | 10,594 |
| Education & Health Services | 132,254 | 129,552 | 125,546 | 126,238 | 127,239 |
| Financial Activities | 31,384 | 32,056 | 32,855 | 33,812 | 34,686 |
| Information | * | * | * | * | * |
| Leisure & Hospitality | 47,569 | 47,093 | 46,040 | 44,420 | 43,556 |
| Manufacturing | 52,042 | 52,891 | 53,646 | 53,202 | 52,141 |
| Other Services | 17,187 | 17,758 | 18,986 | 18,468 | 16,719 |
| Professional & Business Services | 77,736 | 77,626 | 74,539 | 73,065 | 69,880 |
| Public Administration | 20,484 | 21,009 | 21,446 | 21,457 | 21,965 |
| Trade, Transportation, Utilities | 78,622 | 78,095 | 77,634 | 78,597 | 78,609 |
| Unclassified | * | * | * | * | * |

* Data suppressed.

Source: Wisconsin Department of Workforce Development, Bureau of Workforce Information

Major Employers

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

| <u>Employer</u> | <u>Product/Business</u> | <u>Approximate Employment</u> |
|--------------------------------------------|-----------------------------|----------------------------------------|
| UPS | Parcel delivery | 1,210 |
| Oak Creek-Franklin School District | Education | 665 |
| PPG Industries, Inc. | Coating and resin products | 560 |
| WE Energies | Electrical power generation | 505 |
| Joseph Campione Inc. | Food products | 430 |
| Master Lock LLC & Waterloo Industries, Co. | Company offices | 300 ¹ |
| Milwaukee Area Technical College | | 297 ² |
| Oak Creek Campus only | Education | (1,349 FTEs all campuses) ³ |
| Caterpillar Global Mining (Bucyrus) | Corporate headquarters | 270 |
| City of Oak Creek | Municipal government | 240 |
| | | + 100 Part-time |
| Grunau Co., Inc. | Fire protection equipment | 241 |
| Woodman's Market | Retail grocery store | 215 |
| Superior Die Set Corp. | Custom manufacturing | 200 |
| Target | Retail department store | 180 |
| Eder Flag | Flags and flagpoles | 151 ¹ |

¹ As of March 2014

² As of February 2013.

³ As of April 2015 for all area campuses. Breakdown by individual campuses is not available.

Source: Independent employer inquiries, March 2015.

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> |
|--------------------------------|------------------------|------------------------------------------------------------|
| 2014/15 | \$ 19,329,408 | \$ 6.76 |
| 2013/14 | 19,201,557 | 6.41 |
| 2012/13 | 19,087,115 | 6.46 |
| 2011/12 | 18,909,370 | 6.31 |
| 2010/11 | 18,819,420 | 5.78 |

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

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>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| City | \$ 6.76 | \$ 6.41 | \$ 6.46 | \$ 6.31 | \$ 5.78 |
| State | 0.17 | 0.16 | 0.16 | 0.17 | 0.16 |
| County | 6.21 | 5.90 | 5.90 | 5.93 | 5.18 |
| Milwaukee Metro. Sewerage District | 1.73 | 1.63 | 1.57 | 1.54 | 1.35 |
| Milwaukee Area Tech. College Dist. | 1.28 | 2.03 | 2.03 | 1.98 | 1.80 |
| Oak Creek-Franklin School District | 9.17 | 8.87 | 9.06 | 8.96 | 8.39 |
| (Less: State & County Credits) | <u>(2.54)</u> | <u>(2.41)</u> | <u>(2.49)</u> | <u>(2.61)</u> | <u>(2.37)</u> |
| Net Tax Rate | \$ 22.78 | \$ 22.59 | \$ 22.69 | \$ 22.28 | \$ 20.29 |
| Ratio of Assessed to Equalized Value | 99.10% | 104.95% | 104.05% | 98.51% | 106.34% |

Largest Taxpayers for Fiscal Year 2014

The table below shows the City's ten largest taxpayers for 2014.

| <u>Name</u> | <u>Product/Business</u> | <u>2014 Assessed Valuation</u> | <u>Net Taxes Due in 2015</u> |
|---------------------------------|----------------------------------------|--------------------------------|------------------------------|
| Springbrook Development LLC | Apartments | \$ 49,279,500 | \$ 1,122,074 |
| Occidental Development LP | Apartments | 43,847,100 | 998,713 |
| Woodman's Food Market, Inc. | Grocery store | 22,367,600 | 509,502 |
| Aldi, Inc. | Grocery warehouse; distribution center | 21,102,500 | 480,623 |
| NDC LLC | Tri City Bank | 20,625,900 | 469,469 |
| Arbors at Centennial Park LLC | Apartments | 19,223,600 | 437,641 |
| Bucyrus Wisconsin Property, LLC | Caterpillar corporate headquarters | 16,594,100 | 377,975 |
| Country Oaks II LP | Apartments | 16,127,300 | 366,748 |
| PPG Industries Inc. | Manufacturing | 16,095,500 | 366,616 |
| Centerpoint Properties Trust | Real estate | <u>15,374,900</u> | <u>350,081</u> |
| TOTAL | | <u>\$ 240,638,000</u> | <u>\$ 5,479,442</u> |

Source: City of Oak Creek

Equalized Valuation

The City has experienced a (2.75)% 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 |
|------|---------------------------|----------|----------------------------|----------|
| 2015 | \$ 3,003,919,300 | 1.76% | \$ 2,908,050,200 | 1.04% |
| 2014 | 2,952,097,300 | 1.03 | 2,878,046,700 | 0.67 |
| 2013 | 2,921,983,900 | (0.37) | 2,859,016,300 | (0.69) |
| 2012 | 2,932,766,600 | (5.06) | 2,839,455,600 | (7.08) |
| 2011 | 3,088,952,200 | (0.79) | 3,055,899,200 | 0.00 |

The equalized value by class of property for 2015 is as follows:

| | |
|-------------------------|-------------------------|
| Real Estate: | |
| Residential | \$ 1,842,792,100 |
| Commercial | 904,679,100 |
| Manufacturing | 139,905,400 |
| Agriculture | 354,700 |
| Undeveloped | 543,600 |
| Other | 7,047,800 |
| Total Real Estate | 2,895,322,700 |
| Total Personal Property | 108,596,600 |
| Total | <u>\$ 3,003,919,300</u> |

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| Real Estate | | | | | |
| Residential | 61.35% | 61.40% | 60.46% | 59.77% | 60.17% |
| Commercial | 30.12 | 30.20 | 30.05 | 31.45 | 30.30 |
| Manufacturing | 4.66 | 4.66 | 4.92 | 5.19 | 4.52 |
| Agriculture | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Undeveloped | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 |
| Ag Forest | - | 0.01 | 0.01 | 0.01 | 0.02 |
| Other | 0.23 | 0.25 | 0.26 | 0.27 | 0.26 |
| Personal Property | <u>3.62</u> | <u>3.45</u> | <u>4.27</u> | <u>3.28</u> | <u>4.71</u> |
| | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

CITY DEBT STRUCTURE

Total Outstanding General Obligation Debt Summary (As of September 29, 2015)

| Type of Obligation | Date of Issue | Original Amount | Maturity Dates | Current Amount Outstanding |
|---------------------------------------------|------------------|--------------------|-------------------|--------------------------------|
| G.O. Refunding Bonds (CABS) | 12/04/02 | \$ 3,250,000 | 9/01/15 | \$ - |
| G.O. Refunding Bonds | 10/15/06 | 1,200,000 | 10/01/16 | 300,000 |
| G.O. Refunding Bonds | 4/01/10 | 7,000,000 | 4/01/30 | 5,800,000 |
| G.O. Refunding Bonds | 2/21/12 | 4,530,000 | 3/01/17 | 1,905,000 |
| G.O. Refunding Bonds | 4/02/13 | 5,825,000 | 4/01/32 | 5,475,000 |
| Taxable G.O. Promissory Notes | 4/02/13 | 3,000,000 | 4/01/23 | 2,475,000 |
| Taxable G.O. Promissory Notes | 10/15/13 | 10,525,000 | 10/01/15 | 10,525,000 ¹ |
| Taxable G.O. Promissory Notes | 11/19/13 | 5,925,000 | 11/01/16 | 5,925,000 |
| G.O. Promissory Notes | 11/19/13 | 17,625,000 | 11/01/16 | 17,625,000 |
| G.O. Promissory Notes | 12/30/13 | 10,000,000 | 12/01/23 | 9,525,000 |
| G.O. Refunding Bonds, Series 2014B | 12/16/14 | 2,725,000 | 5/01/32 | 2,600,000 |
| G.O. Refunding Bonds, Series 2015A | 1/20/15 | 19,650,000 | 6/01/34 | -19,650,000 |
| Taxable G.O. Promissory Notes, Series 2015B | 5/19/15 | 8,900,000 | 5/01/18 | 8,900,000 |
| Taxable G.O. Promissory Notes, Series 2015C | 9/29/15 | 10,500,000 | 9/01/18 | <u>10,500,000</u> ² |
| Outstanding General Obligation Debt | | | | 101,205,000 |
| Less: Refunding of 2013 Notes | | | | (10,525,000) |
| Less: Remaining 2015 Principal Payments | | | | (575,000) |
| Net Outstanding General Obligation Debt | | | | <u>\$ 90,105,000</u> |

¹ To be refunded at maturity with Note proceeds.

² New Issue.

General Obligation Debt Service Schedules

| | \$2,184,986.85 G. O. Ref Bonds (CABs) - 12/04/02 ^{1,2} | | \$1,200,000 G. O. Ref. Bonds - 10/15/06 | | \$7,000,000 G. O. Ref Bonds - 4/01/10 ³ | |
|-----------------------|--------------------------------------------------------------------|----------|--------------------------------------------|---------------|-------------------------------------------------------|------------------|
| | Principal | | Principal | | Principal | |
| | 09/01 | Interest | 10/01 | Interest | 04/01 | Interest |
| 2015 | \$ 360,000 | | \$ 150,000 | \$ 13,500 | \$ 275,000 | \$ 231,531 |
| 2016 | | | 150,000 | 6,750 | 275,000 | 225,344 |
| 2017 | | | | | 300,000 | 217,406 |
| 2018 | | | | | 300,000 | 208,031 |
| 2019 | | | | | 325,000 | 196,656 |
| 2020 | | | | | 325,000 | 183,656 |
| 2021 | | | | | 350,000 | 170,156 |
| 2022 | | | | | 350,000 | 156,157 |
| 2023 | | | | | 375,000 | 141,656 |
| 2024 | | | | | 400,000 | 126,156 |
| 2025 | | | | | 400,000 | 110,156 |
| 2026 | | | | | 425,000 | 93,657 |
| 2027 | | | | | 450,000 | 75,594 |
| 2028 | | | | | 475,000 | 55,641 |
| 2029 | | | | | 500,000 | 34,312 |
| 2030 | | | | | 550,000 | 11,688 |
| | <u>360,000</u> | <u>-</u> | <u>300,000</u> | <u>20,250</u> | <u>6,075,000</u> | <u>2,237,797</u> |
| Less 2015 Payments | <u>360,000</u> | <u>-</u> | <u>150,000</u> | <u>13,500</u> | <u>275,000</u> | <u>231,531</u> |
| | \$ - | - | \$ 150,000 | \$ 6,750 | \$ 5,800,000 | \$ 2,006,266 |

¹ Par amount issued.

² Supported with tax increment revenues from Tax Incremental District No. 4.

³ Supported with State utility aid due to location of Wisconsin Energy power plant in Oak Creek.

General Obligation Debt Service Schedules continued

| | \$4,530,000 G. O. Ref Bonds - 2/21/12 ¹ | | \$5,825,000 G. O. Ref Bonds - 4/02/13 ¹ | | \$3,000,000 Taxable G.O. Notes - 4/02/13 | |
|-----------|-------------------------------------------------------|-----------------|-------------------------------------------------------|------------------|---------------------------------------------|-----------------|
| | Principal | | Principal | | Principal | |
| | <u>03/01</u> | <u>Interest</u> | <u>04/01</u> | <u>Interest</u> | <u>04/01</u> | <u>Interest</u> |
| 2015 | \$ 925,000 | \$ 40,275 | \$ 225,000 | \$ 195,500 | \$ 275,000 | \$ 53,938 |
| 2016 | 950,000 | 25,025 | 250,000 | 190,750 | 300,000 | 51,062 |
| 2017 | 955,000 | 8,356 | 250,000 | 185,750 | 300,000 | 46,563 |
| 2018 | | | 250,000 | 178,250 | 300,000 | 40,562 |
| 2019 | | | 250,000 | 168,250 | 300,000 | 34,563 |
| 2020 | | | 275,000 | 159,125 | 300,000 | 28,375 |
| 2021 | | | 275,000 | 149,500 | 325,000 | 21,328 |
| 2022 | | | 300,000 | 138,000 | 325,000 | 13,203 |
| 2023 | | | 300,000 | 126,000 | 325,000 | 4,469 |
| 2024 | | | 325,000 | 113,500 | | |
| 2025 | | | 325,000 | 100,500 | | |
| 2026 | | | 350,000 | 87,000 | | |
| 2027 | | | 350,000 | 74,094 | | |
| 2028 | | | 375,000 | 61,859 | | |
| 2029 | | | 375,000 | 49,203 | | |
| 2030 | | | 400,000 | 35,875 | | |
| 2031 | | | 400,000 | 21,875 | | |
| 2032 | | | 425,000 | 7,438 | | |
| | <u>2,830,000</u> | <u>73,656</u> | <u>5,700,000</u> | <u>2,042,469</u> | <u>2,750,000</u> | <u>294,063</u> |
| Less 2015 | | | | | | |
| Payments | <u>925,000</u> | <u>40,275</u> | <u>225,000</u> | <u>195,500</u> | <u>275,000</u> | <u>53,938</u> |
| | \$ 1,905,000 | \$ 33,381 | \$ 5,475,000 | \$ 1,846,969 | \$ 2,475,000 | \$ 240,125 |

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

| | \$10,525,000 Taxable G. O. Notes - 10/15/13 ¹ | | \$5,925,000 Taxable G. O. Notes - 11/19/13 ² | | \$17,625,000 G. O. Notes - 11/19/13 ² | |
|-----------|-------------------------------------------------------------|-----------------|------------------------------------------------------------|-----------------|-----------------------------------------------------|-----------------|
| | Principal | | Principal | | Principal | |
| | <u>10/01</u> | <u>Interest</u> | <u>11/01</u> | <u>Interest</u> | <u>11/01</u> | <u>Interest</u> |
| 2015 | \$10,525,000 | \$ 171,031 | | \$ 118,500 | | \$ 352,500 |
| 2016 | | | \$ 5,925,000 | 118,500 | \$ 17,625,000 | 352,500 |
| | <u>10,525,000</u> | <u>171,031</u> | <u>5,925,000</u> | <u>237,000</u> | <u>17,625,000</u> | <u>705,000</u> |
| Less 2015 | | | | | | |
| Payments | <u>10,525,000</u> | <u>171,031</u> | <u>-</u> | <u>118,500</u> | <u>-</u> | <u>352,500</u> |
| | \$ - | \$ - | \$ 5,925,000 | \$ 118,500 | \$ 17,625,000 | \$ 352,500 |

¹ To be refunded at maturity with Note proceeds.

² Take-out of this issue is expected to be supported with tax increment revenues from Tax Incremental District No. 11.

General Obligation Debt Service Schedules continued

| | \$10,000,000 G.O. <u>Notes - 12/30/13</u> ¹ | | \$2,725,000 G.O. Ref <u>Bonds, Ser 2014B - 12/16/14</u> ² | | \$19,650,000 G.O. Ref <u>Bonds, Ser 2015A - 1/20/15</u> ¹ | |
|-----------|-----------------------------------------------------------|---------------------|-------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------|---------------------|
| | Principal | | Principal | | Principal | |
| | <u>12/01</u> | <u>Interest</u> | <u>05/01</u> | <u>Interest</u> | <u>06/01</u> | <u>Interest</u> |
| 2015 | \$ 425,000 | \$ 312,000 | \$ 125,000 | \$ 75,066 | | \$ 571,085 |
| 2016 | 425,000 | 303,500 | 125,000 | 82,844 | \$ 650,000 | 654,562 |
| 2017 | 425,000 | 295,000 | 125,000 | 79,094 | 725,000 | 640,813 |
| 2018 | 450,000 | 286,500 | 125,000 | 75,344 | 725,000 | 626,312 |
| 2019 | 450,000 | 277,500 | 125,000 | 70,969 | 750,000 | 611,563 |
| 2020 | 475,000 | 259,500 | 125,000 | 65,968 | 750,000 | 596,562 |
| 2021 | 475,000 | 240,500 | 150,000 | 60,469 | 800,000 | 581,063 |
| 2022 | 500,000 | 221,500 | 150,000 | 55,219 | 825,000 | 556,562 |
| 2023 | 5,900,000 | 206,500 | 150,000 | 50,719 | 850,000 | 523,063 |
| 2024 | | | 150,000 | 46,219 | 950,000 | 487,062 |
| 2025 | | | 150,000 | 41,718 | 975,000 | 448,563 |
| 2026 | | | 150,000 | 37,219 | 1,025,000 | 408,562 |
| 2027 | | | 175,000 | 32,234 | 1,050,000 | 372,313 |
| 2028 | | | 175,000 | 26,766 | 1,075,000 | 329,687 |
| 2029 | | | 175,000 | 21,187 | 1,125,000 | 280,313 |
| 2030 | | | 175,000 | 15,500 | 1,125,000 | 235,312 |
| 2031 | | | 175,000 | 9,703 | 1,550,000 | 181,812 |
| 2032 | | | 200,000 | 3,375 | 1,550,000 | 126,594 |
| 2033 | | | | | 1,575,000 | 76,781 |
| 2034 | | | | | <u>1,575,000</u> | <u>25,594</u> |
| | <u>9,525,000</u> | <u>2,402,500</u> | <u>2,725,000</u> | <u>849,613</u> | <u>19,650,000</u> | <u>8,334,178</u> |
| Less 2015 | | | | | | |
| Payments | <u>425,000</u> | <u>312,000</u> | <u>125,000</u> | <u>75,066</u> | <u>-</u> | <u>571,085</u> |
| | <u>\$ 9,100,000</u> | <u>\$ 2,090,500</u> | <u>\$ 2,600,000</u> | <u>\$ 774,547</u> | <u>\$ 19,650,000</u> | <u>\$ 7,763,093</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.

| | \$8,900,000 Taxable G.O. <u>Notes, Ser 2015B - 5/19/15</u> ¹ | | \$10,500,000 Taxable G.O. <u>Notes, Ser 2015C - 9/29/15</u> ^{2,3} | |
|-----------|----------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------|-------------------|
| | Principal | | Principal | |
| | <u>12/01</u> | <u>Interest</u> | <u>09/01</u> | <u>Interest</u> |
| 2015 | | \$ 90,112 | | |
| 2016 | | 200,250 | | \$ 205,771 |
| 2017 | | 200,250 | | 223,125 |
| 2018 | \$ 8,900,000 | <u>100,125</u> | \$ 10,500,000 | <u>223,125</u> |
| | <u>8,900,000</u> | <u>590,737</u> | <u>10,500,000</u> | <u>652,021</u> |
| Less 2015 | | | | |
| Payments | <u>-</u> | <u>90,112</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 8,900,000</u> | <u>\$ 500,625</u> | <u>\$ 10,500,000</u> | <u>\$ 652,021</u> |

¹ Take-out of this issue is expected to be supported with tax increment revenues from Tax Incremental District No. 11.

² Take-out of this issue is expected to be supported with tax increment revenues from Tax Incremental District No. 8.

³ New Issue.

Total General Obligation Debt

| | Total | Total | Total | Less: | Net |
|-----------|-------------------|------------------|---------------------|------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Debt Service</u> | <u>Offsetting</u> | <u>Debt Service</u> |
| | | | | <u>Revenues</u> ¹ | |
| 2015 | \$ 13,285,000 | \$ 2,225,038 | \$ 15,510,038 | \$ 15,017,600 | \$ 492,438 |
| 2016 | 26,675,000 | 2,416,858 | 29,091,858 | 28,584,046 | 507,812 |
| 2017 | 3,080,000 | 1,896,357 | 4,976,357 | 4,629,794 | 346,563 |
| 2018 | 21,550,000 | 1,738,249 | 23,288,249 | 22,947,687 | 340,562 |
| 2019 | 2,200,000 | 1,359,501 | 3,559,501 | 3,224,938 | 334,563 |
| 2020 | 2,250,000 | 1,293,186 | 3,543,186 | 3,214,811 | 328,375 |
| 2021 | 2,375,000 | 1,223,016 | 3,598,016 | 3,251,688 | 346,328 |
| 2022 | 2,450,000 | 1,140,641 | 3,590,641 | 3,252,438 | 338,203 |
| 2023 | 7,900,000 | 1,052,407 | 8,952,407 | 8,622,938 | 329,469 |
| 2024 | 1,825,000 | 772,937 | 2,597,937 | 2,597,937 | - |
| 2025 | 1,850,000 | 700,937 | 2,550,937 | 2,550,937 | - |
| 2026 | 1,950,000 | 626,438 | 2,576,438 | 2,576,438 | - |
| 2027 | 2,025,000 | 554,235 | 2,579,235 | 2,579,235 | - |
| 2028 | 2,100,000 | 473,953 | 2,573,953 | 2,573,953 | - |
| 2029 | 2,175,000 | 385,015 | 2,560,015 | 2,560,015 | - |
| 2030 | 2,250,000 | 298,375 | 2,548,375 | 2,548,375 | - |
| 2031 | 2,125,000 | 213,390 | 2,338,390 | 2,338,390 | - |
| 2032 | 2,175,000 | 137,407 | 2,312,407 | 2,312,407 | - |
| 2033 | 1,575,000 | 76,781 | 1,651,781 | 1,651,781 | - |
| 2034 | <u>1,575,000</u> | <u>25,594</u> | <u>1,600,594</u> | <u>1,600,594</u> | - |
| | 103,390,000 | 18,610,315 | 122,000,315 | 118,636,002 | 3,364,313 |
| Less 2015 | | | | | |
| Payments | <u>13,285,000</u> | <u>2,225,038</u> | <u>15,510,038</u> | <u>15,017,600</u> | <u>492,438</u> |
| | \$ 90,105,000 | \$ 16,385,277 | \$ 106,490,277 | \$ 103,618,402 | \$ 2,871,875 |

¹ Offsetting revenues include Tax Incremental District revenues and State utility aid.

Total Outstanding Revenue Debt Summary (As of September 29, 2015)

Waterworks System Revenue Debt

| <u>Type of Obligation</u> | <u>Date of Issue</u> | <u>Original Amount Issued</u> | <u>Maturity Dates</u> | <u>Current Amount Outstanding</u> |
|--------------------------------------------------------------|----------------------|------------------------------------------------|-----------------------|-----------------------------------|
| Waterworks System Revenue Bonds | 11/01/05 | \$ 12,130,000 | 12/01/20 | \$ 5,455,000 |
| Waterworks System Revenue Bonds, Series 2010 ¹ | 1/13/10 | 879,848 | 5/01/29 | 620,225 |
| Waterworks System Ref Rev Bonds | 3/15/11 | 6,500,000 | 12/01/31 | 6,150,000 |
| Waterworks System Revenue Bonds, Series 2011 ¹ | 11/23/11 | 5,889,853 | 5/01/31 | 4,907,333 |
| Waterworks System Revenue Bonds, Series 2013 ¹ | 05/08/13 | 2,598,203 | 5/01/33 | 2,377,538 |
| Waterworks System Revenue Bonds, Series 2014 ¹ | 05/28/14 | 5,471,070 | 5/01/34 | <u>5,471,070</u> ² |
| | | Outstanding Waterworks System Revenue Debt | | 24,981,166 |
| | | Less: 2015 Principal Payments | | (1,400,000) |
| | | Net Outstanding Waterworks System Revenue Debt | | <u>\$ 23,581,166</u> |

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 Revenue Bonds dated November 1, 2005 and the Refunding Revenue Bonds dated March 15, 2011 of the Waterworks System (the "System") with respect to the pledge of the revenues of the System.

² As of August 14, 2015, \$1,968,019.52 of the total authorized amount has been disbursed.

Revenue Bond Debt Service Schedules

| \$12,130,000 Waterworks Sys Rev Bonds - 11/01/05 | | | \$879,848 Waterworks Sys Rev Bonds, Ser 2010 (SDWL) - 1/13/10 | | | \$6,500,000 Waterworks Sys Ref Rev Bonds - 3/15/11 | | |
|------------------------------------------------------------------------|--------------------|------------|-----------------------------------------------------------------------|------------|--------------------|------------------------------------------------------------------------------------|--|--|
| | Principal 12/01 | Interest | Principal 05/01 | Interest | Principal 12/01 | Interest | | |
| 2015 | \$ 1,275,000 | \$ 249,669 | \$ 36,159 | \$ 17,030 | \$ 125,000 | \$ 281,894 | | |
| 2016 | 1,325,000 | 197,075 | 37,123 | 16,053 | 125,000 | 278,456 | | |
| 2017 | 1,125,000 | 142,750 | 38,114 | 15,049 | 200,000 | 274,706 | | |
| 2018 | 550,000 | 86,500 | 39,131 | 14,018 | 250,000 | 267,706 | | |
| 2019 | 575,000 | 59,000 | 40,175 | 12,960 | 250,000 | 258,957 | | |
| 2020 | 605,000 | 30,250 | 41,247 | 11,874 | 275,000 | 248,956 | | |
| 2021 | | | 42,347 | 10,759 | 350,000 | 237,956 | | |
| 2022 | | | 43,477 | 9,614 | 350,000 | 223,956 | | |
| 2023 | | | 44,637 | 8,439 | 375,000 | 208,907 | | |
| 2024 | | | 45,828 | 7,232 | 400,000 | 192,500 | | |
| 2025 | | | 47,051 | 5,992 | 400,000 | 172,500 | | |
| 2026 | | | 48,306 | 4,720 | 425,000 | 152,500 | | |
| 2027 | | | 49,595 | 3,415 | 450,000 | 131,250 | | |
| 2028 | | | 50,918 | 2,074 | 475,000 | 108,750 | | |
| 2029 | | | 52,276 | 698 | 500,000 | 85,000 | | |
| 2030 | | | | | 575,000 | 60,000 | | |
| 2031 | | | | | 625,000 | 31,250 | | |
| | 5,455,000 | 765,244 | 656,384 | 139,927 | 6,150,000 | 3,215,244 | | |
| Less 2015 Payments | 1,275,000 | 249,669 | 36,159 | 17,030 | 125,000 | 281,894 | | |
| | \$ 4,180,000 | \$ 515,575 | \$ 620,225 | \$ 122,897 | \$ 6,025,000 | \$ 2,933,350 | | |
| | | | | | | | | |
| \$5,889,583 Waterworks Sys Rev Bonds, Ser 2011 (SDWL) - 11/23/11 | | | \$2,598,203 Waterworks Sys Rev Bonds, Ser 2013 (SDWL) - 5/08/13 | | | \$5,471,070 Waterworks Sys Rev Bonds, Ser 2014 (SDWL) - 5/28/14 ¹ | | |
| | Principal 05/01 | Interest | Principal 05/01 | Interest | Principal 05/01 | Interest | | |
| 2015 | \$ 253,635 | \$ 110,752 | \$ 109,664 | \$ 46,824 | | \$ 105,318 | | |
| 2016 | 259,215 | 105,110 | 111,775 | 44,692 | \$ 241,227 | 102,997 | | |
| 2017 | 264,918 | 99,345 | 113,927 | 42,519 | 245,871 | 98,308 | | |
| 2018 | 270,746 | 93,452 | 116,120 | 40,305 | 250,604 | 93,529 | | |
| 2019 | 276,703 | 87,430 | 118,355 | 38,049 | 255,428 | 88,659 | | |
| 2020 | 282,790 | 81,276 | 120,634 | 35,748 | 260,345 | 83,695 | | |
| 2021 | 289,012 | 74,986 | 122,956 | 33,403 | 265,357 | 78,634 | | |
| 2022 | 295,370 | 68,558 | 125,323 | 31,014 | 270,465 | 73,477 | | |
| 2023 | 301,868 | 61,988 | 127,735 | 28,578 | 275,671 | 68,221 | | |
| 2024 | 308,509 | 55,274 | 130,194 | 26,096 | 280,978 | 62,863 | | |
| 2025 | 315,296 | 48,412 | 132,700 | 23,566 | 286,387 | 57,402 | | |
| 2026 | 322,233 | 41,399 | 135,255 | 20,986 | 291,900 | 51,836 | | |
| 2027 | 329,322 | 34,232 | 137,859 | 18,357 | 297,519 | 46,163 | | |
| 2028 | 336,567 | 26,907 | 140,512 | 15,679 | 303,246 | 40,381 | | |
| 2029 | 343,972 | 19,421 | 143,217 | 12,947 | 309,083 | 34,487 | | |
| 2030 | 351,539 | 11,771 | 145,975 | 10,163 | 315,033 | 28,480 | | |
| 2031 | 359,273 | 3,952 | 148,784 | 7,327 | 321,098 | 22,357 | | |
| 2032 | | | 151,649 | 4,434 | 327,279 | 16,116 | | |
| 2033 | | | 154,568 | 1,487 | 333,579 | 9,756 | | |
| 2034 | | | | | 340,000 | 3,273 | | |
| | 5,160,968 | 1,024,265 | 2,487,202 | 482,174 | 5,471,070 | 1,165,952 | | |
| Less 2015 Payments | 253,635 | 110,752 | 109,664 | 46,823 | - | 105,318 | | |
| | \$ 4,907,333 | \$ 913,513 | \$ 2,377,538 | \$ 435,351 | \$ 5,471,070 | \$ 1,060,634 | | |

¹ Debt service based on full amount of the Safe Drinking Water Loan dated on May 28, 2014. As of August 14, 2015, \$1,968,019.52 of the total authorized amount has been disbursed.

Total Waterworks System Debt Service and Coverage

| | Total Principal | Total Interest | Total Debt Service | Total Debt Service Less SDWLs | Coverage ¹ |
|-----------------------|--------------------|-------------------|-----------------------|-------------------------------------|-----------------------|
| 2015 | \$ 1,799,458 | \$ 811,486 | \$ 2,610,944 | \$ 1,931,563 | 3.21 |
| 2016 | 2,099,341 | 744,382 | 2,843,723 | 1,925,531 | 3.22 |
| 2017 | 1,987,830 | 672,677 | 2,660,507 | 1,742,456 | 3.55 |
| 2018 | 1,476,601 | 595,510 | 2,072,111 | 1,154,206 | 5.37 |
| 2019 | 1,515,661 | 545,055 | 2,060,716 | 1,142,957 | 5.42 |
| 2020 | 1,585,016 | 491,799 | 2,076,815 | 1,159,206 | 5.34 |
| 2021 | 1,069,672 | 435,738 | 1,505,410 | 587,956 | 10.53 |
| 2022 | 1,084,635 | 406,619 | 1,491,254 | 573,956 | 10.79 |
| 2023 | 1,124,911 | 376,133 | 1,501,044 | 583,907 | 10.61 |
| 2024 | 1,165,509 | 343,965 | 1,509,474 | 592,500 | 10.45 |
| 2025 | 1,181,434 | 307,872 | 1,489,306 | 572,500 | 10.82 |
| 2026 | 1,222,694 | 271,441 | 1,494,135 | 577,500 | 10.72 |
| 2027 | 1,264,295 | 233,417 | 1,497,712 | 581,250 | 10.65 |
| 2028 | 1,306,243 | 193,791 | 1,500,034 | 583,750 | 10.61 |
| 2029 | 1,348,548 | 152,554 | 1,501,102 | 585,000 | 10.59 |
| 2030 | 1,387,546 | 110,415 | 1,497,961 | 635,000 | 9.75 |
| 2031 | 1,454,156 | 64,885 | 1,519,041 | 656,250 | 9.44 |
| 2032 | 478,927 | 20,551 | 499,478 | - | - |
| 2033 | 488,147 | 11,243 | 499,390 | - | - |
| 2034 | 340,000 | 3,273 | 343,273 | - | - |
| | <u>25,380,624</u> | <u>6,792,806</u> | <u>32,173,430</u> | <u>15,585,488</u> | |
| Less 2015 Payments | <u>1,799,458</u> | <u>811,486</u> | <u>2,610,944</u> | <u>1,931,563</u> | |
| | \$ 23,581,166 | \$ 5,981,320 | \$ 29,562,486 | \$ 13,653,925 | |

¹ Coverage based on audited 2014 net revenues of \$6,192,832 on Total Debt Service less SDWLs.

Debt Ratios

Outstanding general obligation, direct debt as a percentage of equalized value and on a per capita basis as of September 29, 2015, and for the previous five years as of December 31 as follows:

Ratios of General Obligation Debt to
Equalized Valuation and Population

| Year | Outstanding General Obligation Debt | Equalized Valuation | Percent of Equalized Value | Population ¹ | Per Capita |
|------|-------------------------------------------|------------------------|-------------------------------|-------------------------|---------------|
| 2015 | \$ 90,680,000 ² | \$ 3,003,919,300 | 3.01% | 34,791 | \$ 2,606.42 |
| 2014 | 84,840,000 | 2,952,097,300 | 2.87 | 34,707 | 2,444.46 |
| 2013 | 68,725,000 | 2,921,983,900 | 2.35 | 34,695 | 1,980.83 |
| 2012 | 23,410,000 | 2,932,766,600 | 0.80 | 34,530 | 677.96 |
| 2011 | 14,415,000 | 3,088,952,200 | 0.47 | 34,495 | 417.89 |
| 2010 | 16,046,302 | 3,113,583,000 | 0.52 | 34,451 | 465.77 |

¹ Estimated by the Wisconsin Department of Administration. 2010 population is per the 2010 U.S. Census.

² Unaudited.

Indirect Debt

The indirect general obligation debt of the City as of August 15, 2015 is listed below.

| <u>Governmental Unit</u> | <u>Outstanding Debt as of August 15, 2015 (Less: 2015 Payments)</u> | <u>Percent of Debt Within City</u> | <u>Amount of Debt Within City</u> |
|----------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------|
| Oak Creek-Franklin School District | \$ 99,875,000 | 82.52% | \$ 82,416,850 |
| Milwaukee County | 622,804,246 | 5.19 | 32,323,540 |
| Milwaukee Metropolitan Sewerage District ¹ | 949,505,006 | 5.27 | 50,038,914 |
| Milwaukee Area Technical College ² | 87,225,000 | 4.17 | <u>3,637,283</u> |
| | | | \$ 168,416,587 |

¹ The Sewerage District expects to draw approximately \$1.7 million in Clean Water Fund Loans ("CWF Loans") in December 2015. The CWF Loans are supported by the full faith and credit of the Sewerage District.

² The District is anticipating the issuance of \$39.0 million within the next twelve months. The amount is subject to change.

| | |
|----------------------------------------------------------|----------------|
| Total Indirect Debt | \$ 168,416,587 |
| Indirect Debt Per Capita | \$ 4,840.81 |
| Indirect Debt as a % of Equalized Value | 5.61% |
| Total Direct Debt | \$ 90,105,000 |
| Total Direct Debt Per Capita | \$ 2,589.89 |
| Total Direct Debt as a % of Equalized Value | 3.00% |
| Total Direct and Indirect Debt | \$ 258,521,587 |
| Total Direct and Indirect Debt Per Capita | \$ 7,430.70 |
| Total Direct and Indirect Debt as a % of Equalized Value | 8.61% |

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 2015 | \$ 3,003,919,300 |
| Outstanding General Obligation Debt as of September 29, 2015, Including New Issue of \$10,500,000 | \$101,205,000 |
| Less: Refunding of 2013 Notes | (10,525,000) |
| Less: Remaining 2015 Principal Payments | (<u>575,000</u>) |
| Net General Obligation Debt Outstanding | \$ 90,105,000 |
| Legal Debt Capacity (5% of Equalized Value) | \$ 150,195,965 |
| Unused Margin of Indebtedness | \$ 60,090,965 |
| Percent of Unused Margin of Indebtedness | 40.01% |

No Default on City Indebtedness

The City has never defaulted on any of its prior or outstanding indebtedness.

Future Financings

The City does not anticipate issuing additional general obligation debt in 2015.

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 2014 Budget and 2015 Budget follow:

| | <u>General Fund Budgets</u> | | |
|--------------------------|----------------------------------------|---------------------------|------------------------|
| | 2014 Adopted Budget (Amended) | 2015 Adopted Budget | Percent to Total |
| REVENUES | | | |
| Taxes | \$ 13,587,782 | \$ 12,597,175 | 54.66% |
| Other Taxes | 2,210,982 | 2,270,872 | 9.85 |
| Intergovernmental | 4,770,302 | 4,952,425 | 21.49 |
| Grants and Aids | 238,804 | 293,961 | 1.28 |
| Licenses and Permits | 586,516 | 700,530 | 3.04 |
| Charges for Services | 592,715 | 612,550 | 2.66 |
| Public Health and Safety | 30,600 | 21,600 | 0.09 |
| Commercial Revenues | 1,548,725 | 1,393,749 | 6.05 |
| Expenditure Offset | <u>613,770</u> | <u>205,023</u> | <u>0.89</u> |
| TOTAL REVENUES | <u>\$ 24,180,196</u> | <u>\$ 23,047,885</u> | <u>100.00%</u> |
| EXPENDITURES | | | |
| General Government | \$ 6,276,655 | \$ 6,486,689 | 28.14% |
| Public Safety | 11,267,551 | 10,305,235 | 44.71 |
| Health | 627,384 | 603,829 | 2.62 |
| Public Works | 3,948,176 | 3,727,205 | 16.17 |
| Leisure Services | <u>2,060,430</u> | <u>1,924,927</u> | <u>8.35</u> |
| TOTAL EXPENDITURES | <u>\$ 24,180,196</u> | <u>\$ 23,047,885</u> | <u>100.00%</u> |

Summary of Operations

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|-------------------------------------------------------|---------------------|---------------------|---------------------|
| REVENUES | | | |
| Taxes | \$ 14,119,926 | \$ 13,913,177 | \$ 13,664,329 |
| Intergovernmental | 5,015,928 | 4,920,159 | 4,623,523 |
| Regulation and compliance | 1,672,935 | 1,334,630 | 1,300,095 |
| Public charges for services | 261,212 | 298,194 | 321,982 |
| Investment income | 263,362 | 142,597 | 551,913 |
| Miscellaneous | 195,896 | 174,228 | 191,058 |
| Interfund charges for services | <u>297,307</u> | <u>312,007</u> | <u>247,143</u> |
| Total Revenues | 21,826,566 | 21,094,992 | 20,900,043 |
| EXPENDITURES | | | |
| General government | 5,806,073 | 5,904,285 | 6,553,314 |
| Public safety | 10,833,134 | 10,835,935 | 10,807,613 |
| Health and social services | 489,718 | 559,035 | 545,060 |
| Public works | 3,927,478 | 3,584,056 | 3,298,714 |
| Leisure activities | <u>1,893,214</u> | <u>1,917,602</u> | <u>1,930,412</u> |
| Total Expenditures | 22,949,617 | 22,800,913 | 23,135,113 |
| Excess (deficiency) of revenues over expenditures | (1,123,051) | (1,705,921) | (2,235,070) |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of property | 42,170 | 64,690 | 17,865 |
| Transfers in | 1,596,033 | 1,683,672 | 1,680,782 |
| Transfers out | <u>(515,152)</u> | <u>(100,787)</u> | <u>(165,408)</u> |
| Total Other Financing Sources (Uses) | 1,123,051 | 1,647,575 | 1,533,239 |
| Net Change in Fund Balance | - | (58,346) | (701,831) |
| FUND BALANCES – Beginning of Year | <u>7,483,401</u> | <u>7,541,747</u> | <u>8,243,578</u> |
| FUND BALANCES – END OF YEAR | <u>\$ 7,483,401</u> | <u>\$ 7,483,401</u> | <u>\$ 7,541,747</u> |
| <u>Fund Balances</u> | | | |
| Nonspendable | \$ 745,992 | \$ 1,381,913 | \$ 1,272,568 |
| Assigned | 1,596,033 | 1,683,672 | 2,080,782 |
| Unassigned | <u>5,141,376</u> | <u>4,417,816</u> | <u>4,188,397</u> |
| Total Fund Balances | \$ 7,483,401 | \$ 7,483,401 | \$ 7,541,747 |

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---------------------------------------------------|----------------------|----------------------|----------------------|
| REVENUES | | | |
| Taxes | \$ 21,557,815 | \$ 22,227,254 | \$ 20,349,038 |
| Intergovernmental | 9,205,958 | 9,790,491 | 8,826,782 |
| Regulation and compliance | 1,672,935 | 1,334,630 | 1,300,095 |
| Public charges for services | 2,634,163 | 2,291,213 | 2,160,381 |
| Special assessments/developer contributions | 231,201 | 299,053 | 851,221 |
| Investment income | 673,359 | 263,461 | 692,988 |
| Miscellaneous | 4,096,807 | 2,778,263 | 2,690,650 |
| Interfund charges for services | <u>297,307</u> | <u>312,007</u> | <u>247,143</u> |
| Total Revenues | 40,369,545 | 39,296,372 | 37,118,298 |
| EXPENDITURES | | | |
| Current | | | |
| General government | 5,806,073 | 5,904,285 | 6,553,314 |
| Public safety | 16,979,844 | 17,110,473 | 16,833,550 |
| Health and social services | 584,116 | 647,846 | 616,237 |
| Public works | 7,099,972 | 5,621,187 | 5,137,802 |
| Leisure activities | 2,148,643 | 2,058,647 | 2,102,371 |
| Conservation and development | 682,940 | 1,246,210 | 608,591 |
| Capital Outlay | 31,441,599 | 9,807,154 | 16,310,205 |
| Debt Service | | | |
| Principal retirement | 2,510,000 | 7,585,000 | 6,135,000 |
| Interest and fiscal charges | <u>1,688,313</u> | <u>586,995</u> | <u>502,938</u> |
| Total Expenditures | 68,941,500 | 50,567,797 | 54,800,008 |
| Excess (deficiency) of revenues over expenditures | (28,571,955) | (11,271,425) | (17,681,710) |
| OTHER FINANCING SOURCES (USES) | | | |
| Long-term debt issued | 20,500,000 | 47,075,000 | 10,600,000 |
| Refunding debt issued | 2,725,000 | 5,825,000 | 4,530,000 |
| Premium on debt | 134,000 | 586,285 | 70,366 |
| Sale of property | 42,170 | 64,690 | 488,365 |
| Transfers in | 17,800,906 | 7,076,558 | 7,115,686 |
| Transfers out | <u>(16,204,873)</u> | <u>(5,392,886)</u> | <u>(5,434,904)</u> |
| Total Other Financing Sources (Uses) | 24,997,203 | 55,234,647 | 17,369,513 |
| Net Change in Fund Balance | (3,574,752) | 43,963,222 | (312,197) |
| FUND BALANCES – Beginning of Year | <u>67,162,971</u> | <u>23,199,749</u> | <u>23,511,946</u> |
| FUND BALANCES – END OF YEAR | <u>\$ 63,588,219</u> | <u>\$ 67,162,971</u> | <u>\$ 23,199,749</u> |
| Fund Balances | | | |
| Nonspendable | \$ 746,120 | \$ 1,381,981 | \$ 1,272,568 |
| Restricted | 32,663,067 | 49,503,728 | 7,749,326 |
| Committed | 2,358,597 | 2,240,603 | 3,037,081 |
| Assigned | 23,196,638 | 10,809,390 | 8,006,480 |
| Unassigned | <u>4,623,797</u> | <u>3,227,269</u> | <u>3,134,294</u> |
| Total Fund Balances | \$ 63,588,219 | \$ 67,162,971 | \$ 23,199,749 |

Pension Plan

All eligible City employees participate in the Wisconsin Retirement System ("System"), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective employees are the same 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. Contribution rates for December 31, 2014 are as follows:

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

The payroll for City employees covered by the WRS for the year ended December 31, 2014 was \$17,803,461; the employer's total payroll was \$17,945,597. The total required contribution for the year ended December 31, 2014 was \$2,922,051 or 16.41% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2013 and 2012 were \$3,272,607 and \$2,857,282, respectively, equal to the required contribution for each year.

See Note IV-A of the City's Audited Financial Statements for the Year Ended December 31, 2014 included in Appendix A for more detailed information.

The pension related debt for the City as of December 31, 2009, was \$-0-. The City paid off the unfunded prior service cost liability in 2002.

Other Post-Employment Benefits

For more detailed information on Other Post-Employment Benefits of the City, see Note IV-D of the City's Financial Statements for the Year Ended December 31, 2014 attached as Appendix A herein.

LEGAL MATTERS

Pending Litigation

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

Levy Limits

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

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

has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

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

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

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

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

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

Approval of Legal Proceedings

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

Statement Regarding Bond Counsel Participation

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation, except with respect to the sections entitled "LEGAL MATTERS – Tax Status" and Appendix B "Proposed Form of Legal Opinion for the Notes" and has not performed any investigation as to its accuracy, completeness or sufficiency.

Tax Status

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion stating that under existing law, interest on the Notes is included in gross income for present Federal income tax purposes.

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

See Appendix B "Proposed Form of Legal Opinion for the Notes".

Original Issue Discount

To the extent that the initial public offering price of certain of the Notes is less than the stated principal amount payable at maturity, such Notes will be considered to be issued with original issue discount unless the amount of original issue discount is "de minimis". The amount of original issue discount with respect to the Notes will be "de minimis" if the amount of discount is less than one-fourth of 1% of the principal amount payable at maturity multiplied by the number of complete years from the issue date until the maturity date.

If the amount of discount with respect to the Notes is considered "de minimis", then the amount of original issue discount with respect to the Notes will be zero. In that case, owners of those Notes will not be required to include any amount of original issue discount in income until the principal amount is repaid, at which time the owner will recognize capital gain (assuming the Notes are held as a capital asset) equal to the excess of the amount received at maturity over the issue price.

If the amount of discount with respect to the Notes is more than “de minimis”, then such Notes will contain original issue discount and owners of the Notes will be required to include original issue discount in income. The Internal Revenue Code of 1986, as amended (the “Code”) contains a number of very complex provisions requiring owners of debt instruments with original issue discount to include such original issue discount in income as it accrues economically over the life of the debt instrument. In the case of the Notes, the owner may be required to include the original issue discount in income before the owner receives the associated cash payment, regardless of the owner’s regular method of accounting for tax purposes. Any such original issue discount that is included in income is treated in the same manner as interest. Any original issue discount that is included in income by an owner with respect to the Notes will increase the owner’s tax basis in the Notes.

The Code contains certain provisions relating to the accrual of original issue discount (including de minimis original issue discount) in the case of subsequent purchasers of obligations such as the Notes. Owners who do not purchase Notes in the initial public offering should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of Notes.

Owners who purchase Notes in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Notes were sold to the public should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of the Notes.

Owners of Notes should consult their own tax advisors with respect to the state and local tax consequences of owning the Notes.

Bond Premium

To the extent that the initial offering price of certain of the Notes (“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 Premium 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 Premium 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.

Exemption From Securities Registration

Wisconsin Statutes, Section 551.201, provides that securities issued by a political subdivision of a state, including the Notes, are exempt from registration with the Wisconsin Department of Financial Institutions Division of Securities.

MUNICIPAL BANKRUPTCY

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

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

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If

the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Notes.

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

MISCELLANEOUS

Rating

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

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

The rating when issued, reflects only the view of the rating agency, and an explanation of the significance of such rating may be obtained therefrom. 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 the rating agency, if, in their judgment, circumstances so warrant.

Continuing Disclosure

Undertaking to Provide Continuing Disclosure. In order to assist an Underwriter which will reoffer the Notes in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to the Resolution adopted by the Common Council to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Notes to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Notes are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C. A failure by the City to comply with the Undertaking will not constitute an event of default on the Notes (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the previous five years, the City has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events. However, in 2010, the City was required to file its annual report by Monday, September 27 but did not make the filing until Monday, October 4.

In the past five years there have been numerous rating actions reported by Moody's Investors Service, Standard & Poor's Rating Corporation and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the City. Due to widespread knowledge of these rating actions, material event notices were not filed by the City.

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 Note Purchase Agreement with the City, the Underwriter has agreed to purchase all of the Notes, if any of the Notes are purchased, upon the satisfaction of certain conditions set forth in the Note Purchase Agreement. The Note Purchase Agreement provides for the Notes to be purchased at a price of \$10,525,000 plus accrued interest, if any, to the date of delivery. The Underwriter intends to reoffer the Notes to the public at an average purchase price of 101.407 of the principal amount of the Notes. The Underwriter's compensation in connection with this issue is the difference between the reoffering price of the Notes and the purchase price mentioned above from which the Underwriter will pay issuance expenses. The Notes may be offered to certain dealers at prices lower than such public offering price or yield and such public offering price or yield may be changed from time to time by the Underwriter. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public.

CERTIFICATES CONCERNING OFFICIAL STATEMENT

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

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APPENDIX A

**AUDITED FINANCIAL STATEMENTS
OF THE
CITY OF OAK CREEK
FOR THE YEAR ENDED DECEMBER 31, 2014**

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CITY OF OAK CREEK

Oak Creek, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

CITY OF OAK CREEK

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the City Council
City of Oak Creek

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Baker Tilly Vinshaw Krause, LLP

Milwaukee, Wisconsin
July 27, 2015

CITY OF OAK CREEK

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

The City of Oak Creek's (the City) management's discussion and analysis is designed to:

- (1) Assist the reader in focusing on significant financial issues
- (2) Provide an overview of the City's financial activity
- (3) Identify changes in the City's financial position
- (4) Identify material deviations from the approved budget
- (5) Identify individual fund issues or concerns

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

FINANCIAL HIGHLIGHTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four sections:

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

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

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

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

Government-wide Statements

Government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

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

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

Both government-wide financial statements distinguish governmental activities of the City, principally supported by taxes and intergovernmental revenues, from business-type activities which are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, health/social services, public works, and leisure. Business type activities include the City's water and sewer utilities. Fiduciary activities, such as tax collection, are not included in the government-wide statements since these assets are not available to fund City programs.

Fund Financial Statements

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

The City has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

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

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

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

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

Change in combined net position.

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

Table 2
City of Oak Creek, Wisconsin

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

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

Governmental Activities

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

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

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

Business-type Activities

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

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in addressing the City's financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of 2014, the combined fund balances for the City's governmental funds was \$63.6 million. Of this total, \$0.7 million is nonspendable, \$32.7 million is restricted, \$2.4 million is committed and \$23.2 is assigned. The balance of unassigned governmental fund balances is \$4.6 million. These funds are allocated across the following areas:

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

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

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

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

- Total fund balance as of December 31, 2014 increased from a deficit balance of \$0.63 million to a deficit balance \$0.2.
- Total revenues for 2014 were \$4.8 million, which included \$3.6 million from taxes and \$1.1 million from public charges for services.
- Total expenditures for the year were \$4.8 million.

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

- Total fund balance at the end of the year was \$21.6 million, an increase of \$12.5 million from 2013.
- Revenue sources provided \$21.3 million; \$20.5 million from new long-term debt that was issued.
- Expenditures in this fund totaled \$12.7 million in 2014. The largest expenses included the City Hall/Library and Fire Station project costs and capital equipment purchases.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2014, the City reported a combined investment in capital assets of \$228.6 million. Of this amount, \$120.1 million, or 52.6%, is attributable to governmental activities, with the assets related to the City's land, buildings, equipment and street network. Total accumulated depreciation for both governmental and business type activities was calculated at \$87.2 million.

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

Table 3
City of Oak Creek, Wisconsin

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

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

Long-term Debt

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

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

Table 4
City of Oak Creek, Wisconsin

2014 and 2013 Outstanding Debt (in millions of dollars)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF OAK CREEK

STATEMENT OF NET POSITION
As of December 31, 2014

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

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

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

See accompanying notes to financial statements.

CITY OF OAK CREEK

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

| | General | Emergency Medical Services Fund | DPW Debt Service Fund | Debt Amortization Fund | Capital Improvement Fund | TIF No. 8 Capital Projects Fund | TIF No. 11 Capital Projects Fund | Nonmajor Governmental Funds | Totals |
|--------------------------------------------------------------------------------|----------------------|---------------------------------------|-----------------------------|------------------------------|--------------------------------|------------------------------------------|-------------------------------------------|-----------------------------------|----------------------|
| ASSETS | | | | | | | | | |
| Cash and investments | \$ 8,061,947 | \$ - | \$ 11,951,808 | \$ 3,172,456 | \$ 25,294,933 | \$ 2,311,874 | \$ 10,826,543 | \$ 7,210,081 | \$ 66,829,642 |
| Receivables | | | | | | | | | |
| Taxes | 13,019,534 | 3,551,590 | 850,000 | - | 746 | 164,289 | 21,076 | 4,852,329 | 22,459,564 |
| Delinquent personal property taxes | 13,492 | - | - | - | - | - | - | - | 13,492 |
| Accounts | 270,842 | 236,910 | - | 103,134 | - | 150,839 | 578,430 | 172,379 | 1,512,534 |
| Interest receivable | 11,254 | - | - | - | - | - | - | - | 11,254 |
| Special assessments | - | - | - | - | - | - | - | 904,844 | 904,844 |
| Loans | - | - | - | - | - | - | - | 6,503 | 6,503 |
| Prepaid items | 8,914 | 353 | - | - | - | - | - | 128 | 9,395 |
| Due from other funds | 2,234,933 | - | - | - | - | - | - | 314,900 | 2,549,833 |
| Inventories | 108,524 | - | - | - | - | - | - | - | 108,524 |
| Restricted cash and investments | - | - | - | - | - | - | - | 1,872,756 | 1,872,756 |
| TOTAL ASSETS | \$ 21,729,440 | \$ 3,788,853 | \$ 12,801,808 | \$ 3,275,590 | \$ 25,295,679 | \$ 2,627,002 | \$ 11,426,049 | \$ 15,133,920 | \$ 96,078,341 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 397,722 | \$ 22,497 | \$ - | \$ - | \$ 2,740,081 | \$ 1,339,038 | \$ 1,020,541 | \$ 196,235 | \$ 5,716,114 |
| Accrued liabilities | 685,590 | 121,435 | - | - | 927,174 | - | - | 28,460 | 1,762,658 |
| Deposits | 88,960 | - | - | - | - | - | - | 448,205 | 537,165 |
| Due to other funds | 451,338 | 283,724 | - | - | 27,819 | 55,258 | 3,972 | 890,443 | 1,712,554 |
| Unearned revenues | 29,100 | - | - | - | - | - | - | - | 29,100 |
| Total Liabilities | 1,652,710 | 427,656 | - | - | 3,695,074 | 1,394,296 | 1,024,513 | 1,563,343 | 9,757,592 |
| Deferred Inflows of Resources | | | | | | | | | |
| Unearned revenues | 12,593,329 | 3,551,590 | 850,000 | - | - | 164,289 | 21,076 | 4,655,112 | 21,835,396 |
| Unavailable revenues | - | 7,085 | - | - | - | - | - | 890,049 | 897,134 |
| Total Deferred inflows of Resources | 12,593,329 | 3,558,675 | 850,000 | - | - | 164,289 | 21,076 | 5,545,161 | 22,732,530 |
| Fund Balances | | | | | | | | | |
| Nonspendable | 745,992 | - | - | - | - | - | - | 128 | 746,120 |
| Restricted | - | - | 11,951,808 | 3,275,590 | - | 1,068,417 | 10,380,460 | 5,986,792 | 32,663,067 |
| Committed | - | - | - | - | - | - | - | 2,358,597 | 2,358,597 |
| Assigned | 1,596,033 | - | - | - | 21,600,605 | - | - | - | 23,196,638 |
| Unassigned (deficit) | 5,141,376 | (197,478) | - | - | - | - | - | (320,101) | 4,623,797 |
| Total Fund Balances | 7,483,401 | (197,478) | 11,951,808 | 3,275,590 | 21,600,605 | 1,068,417 | 10,380,460 | 8,025,416 | 63,588,219 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 21,729,440 | \$ 3,788,853 | \$ 12,801,808 | \$ 3,275,590 | \$ 25,295,679 | \$ 2,627,002 | \$ 11,426,049 | \$ 15,133,920 | \$ 96,078,341 |

CITY OF OAK CREEK

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

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

CITY OF OAK CREEK

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

| | General | Emergency Medical Services Fund | DPW Debt Service Fund | Debt Amortization Fund | Capital Improvement Fund | TIF No. 8 Capital Projects Fund | TIF No. 11 Capital Projects Fund | Nonmajor Governmental Funds | Totals |
|------------------------------------------------------|---------------------|---------------------------------------|-----------------------------|------------------------------|--------------------------------|------------------------------------------|-------------------------------------------|-----------------------------------|----------------------|
| REVENUES | | | | | | | | | |
| Taxes | \$ 14,119,928 | \$ 3,551,590 | \$ - | \$ - | \$ - | \$ 68,462 | \$ 25,537 | \$ 3,792,300 | \$ 21,557,815 |
| Intergovernmental | 5,015,928 | 140,808 | - | 3,156,397 | 613,354 | 6,839 | - | 272,632 | 9,205,958 |
| Regulation and compliance | 1,672,935 | - | - | - | - | - | - | - | 1,672,935 |
| Public charges for services | 261,212 | 1,104,001 | - | - | - | - | - | 1,268,950 | 2,634,183 |
| Special assessments/developer contributions | - | - | - | - | - | - | - | 231,201 | 231,201 |
| Investment income | 263,362 | 275 | 27,435 | 259,833 | 10,977 | 5,551 | 21,803 | 84,023 | 673,359 |
| Miscellaneous | 195,896 | - | - | 686,105 | - | 150,839 | 578,430 | 2,485,537 | 4,096,807 |
| Interfund charges for services | 297,307 | - | - | - | - | - | - | - | 297,307 |
| Total Revenues | 21,826,566 | 4,796,674 | 27,435 | 4,102,435 | 624,331 | 231,691 | 625,770 | 8,134,643 | 40,369,545 |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| General government | 5,806,073 | - | - | - | - | - | - | - | 5,806,073 |
| Public safety | 10,833,134 | 4,762,499 | - | - | - | - | - | 1,384,211 | 16,979,844 |
| Health and social services | 489,718 | - | - | - | - | - | - | 94,398 | 584,116 |
| Public works | 3,927,478 | - | - | - | - | - | 1,218,725 | 1,953,769 | 7,099,972 |
| Leisure activities | 1,893,214 | - | - | - | - | - | - | 255,429 | 2,148,643 |
| Conservation and development | - | - | - | - | - | 37,134 | - | 645,806 | 682,940 |
| Capital Outlay | - | - | - | - | 12,698,450 | 7,706,054 | 10,719,035 | 318,060 | 31,441,599 |
| Debt Service | - | - | - | - | - | - | - | - | - |
| Principal retirement | - | - | 1,125,000 | - | - | - | - | 1,385,000 | 2,510,000 |
| Interest and fiscal charges | - | - | 911,870 | - | - | 164,530 | 447,690 | 184,213 | 1,688,313 |
| Total Expenditures | 22,049,617 | 4,762,499 | 2,036,970 | - | 12,698,450 | 7,907,718 | 12,385,360 | 6,200,688 | 68,941,500 |
| Excess (deficiency) of revenues over expenditures | (1,123,051) | 34,175 | (2,009,535) | 4,102,435 | (12,074,119) | (7,676,027) | (11,759,590) | 1,933,757 | (26,571,955) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Long-term debt issued | - | - | - | - | 20,500,000 | - | - | - | 20,500,000 |
| Refunding debt issued | - | - | 2,725,000 | - | - | - | - | - | 2,725,000 |
| Premium on debt | - | - | - | - | 134,000 | - | - | - | 134,000 |
| Sale of property | 42,170 | - | - | - | - | - | - | - | 42,170 |
| Transfers in | 1,596,033 | 397,142 | 11,381,284 | - | 4,250,314 | - | - | 176,133 | 17,600,908 |
| Transfers out | (515,152) | - | (30,108) | (3,440,533) | (335,308) | - | - | (11,883,772) | (16,204,873) |
| Total Other Financing Sources (Uses) | 1,123,051 | 397,142 | 14,076,176 | (3,440,533) | 24,549,006 | - | - | (11,707,639) | 24,997,203 |
| Net Change in Fund Balance | - | 431,317 | 12,066,641 | 661,902 | 12,474,887 | (7,676,027) | (11,759,590) | (9,773,882) | (3,574,752) |
| FUND BALANCES (Deficit) - Beginning of Year | 7,483,401 | (628,795) | (114,833) | 2,613,688 | 9,125,718 | 8,744,444 | 22,140,050 | 17,799,298 | 67,162,971 |
| FUND BALANCES (Deficit) - END OF YEAR | \$ 7,483,401 | \$ (197,478) | \$ 11,951,808 | \$ 3,275,590 | \$ 21,600,605 | \$ 1,068,417 | \$ 10,380,460 | \$ 8,025,416 | \$ 63,588,219 |

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, 2014

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

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

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

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

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

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

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

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

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

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

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

590,795

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

| | |
|-------------------------------|------------------|
| Other postemployment benefits | (1,409,900) |
| Compensated absences | 733,959 |
| Accrued interest on debt | <u>(153,476)</u> |

| | |
|----------------------------------------------------------|------------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ (1,436,080)</u> |
|----------------------------------------------------------|------------------------------|

See accompanying notes to financial statements.

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CITY OF OAK CREEK

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

| | Business-type Activities - Enterprise Funds | | | Governmental |
|----------------------------------------------------------------|---------------------------------------------|-------------------|--------------------|------------------------------------------|
| | Water Utility | Sewer Utility | Totals | Activities - Internal Service Fund |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 12,374,936 | \$ 6,138,982 | \$ 18,513,918 | \$ 1,793,136 |
| Customer accounts receivable | 2,032,647 | 773,526 | 2,806,173 | - |
| Other accounts receivable | 23,462 | 29,773 | 53,235 | 5,826 |
| Due from other funds | 363,760 | 263,836 | 627,596 | 29,672 |
| Inventories | 65,224 | - | 65,224 | - |
| Prepaid items | 7,242 | 833 | 8,075 | 5,613 |
| Restricted assets | | | | |
| Revenue bond redemption account | 160,964 | - | 160,964 | - |
| Total Current Assets | <u>15,028,235</u> | <u>7,206,950</u> | <u>22,235,185</u> | <u>1,834,247</u> |
| Noncurrent Assets | | | | |
| Restricted Assets | | | | |
| Revenue bond reserve account | 1,445,817 | - | 1,445,817 | - |
| Total Restricted Assets | <u>1,445,817</u> | <u>-</u> | <u>1,445,817</u> | <u>-</u> |
| Capital Assets | | | | |
| Land and land rights | 117,669 | 13,145 | 130,814 | - |
| Construction in progress | 3,196,300 | 349 | 3,196,649 | - |
| Utility plant in service | 105,496,005 | 42,019,731 | 147,515,736 | - |
| Accumulated depreciation | (32,055,802) | (10,363,776) | (42,419,578) | - |
| Total Capital Assets | <u>76,754,172</u> | <u>31,669,449</u> | <u>108,423,621</u> | <u>-</u> |
| Other Assets | | | | |
| Property held for future use | 5,000 | - | 5,000 | - |
| Prepaid items | 5,652 | 1,665 | 7,317 | - |
| Due from other funds - special assessments | 110,837 | 86,145 | 196,982 | - |
| Due from other funds - advance | - | 2,416,859 | 2,416,859 | - |
| Total Other Assets | <u>121,489</u> | <u>2,504,669</u> | <u>2,626,158</u> | <u>-</u> |
| Total Assets | <u>93,349,713</u> | <u>41,381,068</u> | <u>134,730,781</u> | <u>1,834,247</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refunding | 170,729 | - | 170,729 | - |
| Total Assets and Deferred Outflows of Resources | <u>93,520,442</u> | <u>41,381,068</u> | <u>134,901,510</u> | <u>1,834,247</u> |

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

See accompanying notes to financial statements.

CITY OF OAK CREEK

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

For the Year Ended December 31, 2014

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

See accompanying notes to financial statements.

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CITY OF OAK CREEK

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2014

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

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

CITY OF OAK CREEK

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

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

See accompanying notes to financial statements.

CITY OF OAK CREEK

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

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CITY OF OAK CREEK

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF OAK CREEK

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

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

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

Fund Financial Statements (cont.)

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

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

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

The city reports the following major governmental funds:

General Fund – accounts for the city’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Emergency Medical Services Fund – Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the paramedic rescue program.

DPW Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs for debt related public works projects.

Debt Amortization Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Capital Improvement Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.

TIF No. 8 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

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

CITY OF OAK CREEK

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

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

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

Fund Financial Statements (cont.)

The city reports the following major enterprise funds:

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

The city reports the following non-major governmental and enterprise funds:

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

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

Debt Service Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs

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

CITY OF OAK CREEK

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

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

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

Fund Financial Statements (cont.)

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

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

In addition, the city reports the following fund types:

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

Health Insurance Fund

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

Tax Collection Fund

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

Government-Wide Financial Statements

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

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

CITY OF OAK CREEK

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

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

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

Fund Financial Statements

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

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

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

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

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

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

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

CITY OF OAK CREEK

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

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates

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

1. Deposits and Investments

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

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

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

CITY OF OAK CREEK

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

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

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

1. Deposits and Investments (cont.)

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

Custodial Credit Risk

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

The city shall require, when investing in repurchase agreements, that collateral be pledged by the depository in an amount equal to or greater than the amount of the repurchase agreements the city has with such depository.

- a) The collateral shall be direct obligations of the United States, or of its agencies, if the payment of principal and interest is guaranteed by the federal government, or obligations of the State of Wisconsin, or collateral of commercial loans at one-hundred twenty-five percent, which are at all times current with regard to interest and principal.
- b) Evidence of such collateral shall be provided by the depository.

Credit Risk

Any security including commercial paper which matures or which may be tendered for purchase at the option of the holder within not more than seven years on the date which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency, or if that security is senior to, or on a parity with a security of the same issuer which has such a rating.

Concentration of Credit Risk

Consideration shall be given to the total amount of existing city funds which are already in such depository and or the capacity of the depository to handle the size of the deposit or investment. A ceiling may be established for individual financial institutions at each annual evaluation.

Interest Rate Risk

Yield shall be the final determining factor of the investment decision.

Bids shall be required of all investments that are in excess of \$100,000 or have a maturity date of 30 days or longer. A minimum of three bids from the city's public depository list shall be acquired for time deposits.

Purchase obligations of the US Treasury and deposits into the Local Government Investment Pool and the BMO Investment Account shall not be subject to the bid process.

CITY OF OAK CREEK

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

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

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

1. Deposits and Investments (cont.)

Interest Rate Risk (cont.)

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

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

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

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

See Note III.A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district, technical college district and the Milwaukee Metropolitan Sewerage District. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities – agency fund.

CITY OF OAK CREEK

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

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

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

2. Receivables (cont.)

Property tax calendar – 2014 tax roll:

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

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

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

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

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

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

CITY OF OAK CREEK

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government –Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. Interest of \$48,263 was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

CITY OF OAK CREEK

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

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

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

5. Capital Assets (cont.)

Government –Wide Statements (cont.)

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

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

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

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

CITY OF OAK CREEK

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

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

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

7. Compensated Absences

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

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

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

8. Long-Term Obligations/Conduit Debt

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

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

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

CITY OF OAK CREEK

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

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

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

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

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

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

9. Deferred Inflows of Resources

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

CITY OF OAK CREEK

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

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

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

10. Equity Classifications

Government–Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

CITY OF OAK CREEK

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

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the City Administrator and the Finance Director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

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

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

CITY OF OAK CREEK

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATION

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

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

CITY OF OAK CREEK

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

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

B. DEFICIT BALANCES

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

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

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

The Emergency Medical Services Fund and Consolidated Dispatch Services Fund deficits are anticipated to be funded with future taxes levied and future charges for services. TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. The Developer Agreements Fund deficit is anticipated to be funded with future developer receipts.

C. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF OAK CREEK

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

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

| | Carrying Value | Bank Balance | Associated Risks |
|-------------------------------------------------|------------------------------|------------------------------|--------------------------------------------------------------------------------------|
| Demand deposits | \$ 52,741,343 | \$ 52,871,848 | Custodial credit risk |
| U.S. treasuries | 5,103,473 | 5,103,473 | Custodial credit risk, interest rate risk |
| U.S. agencies | 669,686 | 669,686 | Credit risk, Custodial credit risk, interest rate risk, concentration of credit risk |
| Municipal bonds | 1,811,708 | 1,809,059 | Credit risk, custodial credit risk, interest rate risk, concentration of credit risk |
| Asset backed securities | 10,385,158 | 10,383,761 | Credit risk, custodial credit risk, interest rate risk, concentration of credit risk |
| Corporate bonds | 5,234,974 | 5,221,424 | Credit risk, custodial credit risk, interest rate risk, concentration of credit risk |
| Local Government Investment Pool | 52,100,697 | 52,100,697 | Credit risk |
| Petty cash | 4,145 | - | N/A |
| Total Cash and Investments | <u>\$ 128,051,184</u> | <u>\$ 128,159,948</u> | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Cash and investments | \$ 87,136,696 | | |
| Restricted cash and investments | 3,279,537 | | |
| Per statement of net position – fiduciary funds | | | |
| Agency | 37,634,951 | | |
| Total Cash and Investments | <u>\$ 128,051,184</u> | | |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

CITY OF OAK CREEK

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

Custodial Credit Risk

Deposits

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

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

Investments

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

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2014 the city's investments were rated as follows:

| <u>Investment Type</u> | <u>Standard & Poor's</u> | <u>Fitch Ratings</u> | <u>Moody's</u> |
|---------------------------------------|----------------------------------|--------------------------|----------------|
| Federal Home Loan Bank | AA | AAA | AAA |
| Federal National Mortgage Association | AA | AAA | AAA |
| Federal Home Loan Mortgage Corp. | AA | AAA | AAA |
| Asset backed securities | A+ – AA | AA- – AA | AA2 |
| Corporate bonds | A – AA | A – AA | BAA – AAA |

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

Local Government Investment Pool

CITY OF OAK CREEK

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

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

At December 31, 2014, the investment portfolio did not contain any single issuer in excess of 5% of total investments.

Interest Rate Risk

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

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

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

CITY OF OAK CREEK

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

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

B. RECEIVABLES

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

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

Revenues of the city are reported net of uncollectible amounts. General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end. Accounts receivable in the Emergency Medical Services Fund have been adjusted by \$236,000 for an allowance for uncollectible accounts.

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

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

CITY OF OAK CREEK

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

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

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

Impact Fee Account

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

Asset Forfeiture Account

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

Following is a list of restricted assets at December 31, 2014:

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

CITY OF OAK CREEK

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

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

D. CAPITAL ASSETS

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

| | Beginning Balance | Additions | Deletions | Ending Balance |
|-----------------------------------------------------------------------------|----------------------|-------------|------------|-------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 22,972,130 | \$ 537,624 | \$ - | \$ 23,509,754 |
| Construction in progress | - | 24,170,606 | - | 24,170,606 |
| Total Capital Assets Not Being Depreciated | 22,972,130 | 24,708,230 | - | 47,680,360 |
| Capital assets being depreciated | | | | |
| Land improvements | 1,663,530 | - | - | 1,663,530 |
| Buildings | 22,127,886 | - | - | 22,127,886 |
| Intangible Asset – Easements | 5,400 | - | - | 5,400 |
| Machinery and equipment | 17,171,817 | 2,075,447 | 1,008,016 | 18,239,248 |
| Bridges | 286,370 | - | - | 286,370 |
| Roads | 44,028,150 | 27,819 | 3,985 | 44,051,984 |
| Sidewalks | 3,454,033 | - | - | 3,454,033 |
| Street lighting | 4,318,886 | - | - | 4,318,886 |
| Storm sewers | 23,088,362 | - | - | 23,088,362 |
| Total Capital Assets Being Depreciated | 116,144,434 | 2,103,266 | 1,012,001 | 117,235,699 |
| Less: Accumulated depreciation for | | | | |
| Land improvements | (848,676) | (67,056) | - | (915,732) |
| Buildings | (5,946,237) | (416,027) | - | (6,362,264) |
| Intangible Asset – Easements | (5,400) | - | - | (5,400) |
| Machinery and equipment | (11,957,870) | (942,604) | 836,137 | (12,064,337) |
| Bridges | (22,912) | (2,864) | - | (25,776) |
| Roads | (9,305,270) | (569,607) | 2,789 | (9,872,088) |
| Sidewalks | (2,117,719) | (46,617) | - | (2,164,336) |
| Street lighting | (2,854,678) | (147,731) | - | (3,002,409) |
| Storm sewers | (9,884,501) | (436,379) | - | (10,320,880) |
| Total Accumulated Depreciation | (42,943,263) | (2,628,885) | 838,926 | (44,733,222) |
| Net Capital Assets Being Depreciated | 73,201,171 | (525,619) | 173,075 | 72,502,477 |
| Total Governmental Activities Assets, Net of Accumulated Depreciation | \$ 96,173,301 | 24,182,611 | \$ 173,075 | \$ 120,182,837 |

CITY OF OAK CREEK

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

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|--------------------------------------------------------|-------------------------|
| General government | \$ 30,101 |
| Public safety | 740,302 |
| Health and social services | 1,755 |
| Public works | 1,625,167 |
| Leisure activities | <u>231,560</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 2,628,885</u> |

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|-----------------------------------------------|------------------------------|---------------------|---------------------|---------------------------|
| <u>Water</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land and land rights | \$ 118,444 | \$ - | \$ 775 | \$ 117,669 |
| Construction in progress | <u>351,371</u> | <u>4,249,654</u> | <u>1,404,725</u> | <u>3,196,300</u> |
| Total Capital Assets Not Being Depreciated | <u>469,815</u> | <u>4,249,654</u> | <u>1,405,500</u> | <u>3,313,969</u> |
| Capital assets being depreciated | | | | |
| Source of supply | 6,200,674 | - | - | 6,200,674 |
| Pumping | 9,095,684 | 21,787 | 105,055 | 9,012,416 |
| Treatment | 25,021,414 | - | - | 25,021,414 |
| Transmission and distribution | 59,385,161 | 1,260,258 | 175,228 | 60,470,191 |
| General | <u>4,778,045</u> | <u>60,638</u> | <u>47,373</u> | <u>4,791,310</u> |
| Total Capital Assets Being Depreciated | <u>104,480,978</u> | <u>1,342,683</u> | <u>327,656</u> | <u>105,496,005</u> |
| Total Capital Assets | <u>104,950,793</u> | <u>5,592,337</u> | <u>1,733,156</u> | <u>108,809,974</u> |
| Less: Accumulated depreciation for | | | | |
| Source of supply | (1,884,686) | (107,588) | - | (1,992,274) |
| Pumping | (3,445,600) | (365,997) | 105,055 | (3,706,542) |
| Treatment | (8,061,984) | (813,542) | - | (8,875,526) |
| Transmission and distribution | (13,994,031) | (989,519) | 175,228 | (14,808,322) |
| General | <u>(2,577,465)</u> | <u>(143,046)</u> | <u>47,373</u> | <u>(2,673,138)</u> |
| Total Accumulated Depreciation | <u>(29,963,766)</u> | <u>(2,419,692)</u> | <u>327,656</u> | <u>(32,055,802)</u> |
| Net Water Plant | <u>\$ 74,987,027</u> | <u>\$ 3,172,645</u> | <u>\$ 1,405,500</u> | <u>\$ 76,754,172</u> |

CITY OF OAK CREEK

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

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

D. CAPITAL ASSETS (cont.)

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

Depreciation expense was charged to functions as follows:

Business-type Activities

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

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

CITY OF OAK CREEK

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

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

E. INTERFUND RECEIVABLES/PAYABLES, TRANSFERS, AND ADVANCES

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

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

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

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

CITY OF OAK CREEK

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

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

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

The following is a schedule of interfund transfers:

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

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

For the statement of activities, interfund transfers within governmental activities or business-type activities are netted and eliminated.

CITY OF OAK CREEK

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

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

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

Advances

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

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

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

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

CITY OF OAK CREEK

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

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

F. LONG-TERM OBLIGATIONS

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

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

CITY OF OAK CREEK

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt and Note Anticipation Notes

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2014 was \$147,604,865. Total general obligation debt outstanding at year end was \$89,423,656.

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

CITY OF OAK CREEK

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

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

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

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

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

CITY OF OAK CREEK

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

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

Revenue debt payable at December 31, 2014 consists of the following:

Business-type Activities Revenue Debt

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

Debt service requirements to maturity are as follows:

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

CITY OF OAK CREEK

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

Current Refunding

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

G. LEASE DISCLOSURES

Lessor – Operating Leases – Governmental Activities

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

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

Lessor – Operating Leases – Business-type Activities

The water and sewer utility has entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), Cingular Wireless (CW) (2 leases), Cricket Communications (CC), and T-Mobile USA (TM) for space on utility reservoirs to be used for cellular antennas. These leases terminate on November 30, 2015, March 20, 2017, March 1, 2015, May 14, 2018, February 26, 2016, January 24, 2018, and January 31, 2028 for VW, SSLP, AT&T, CM, CC, TM and CM, respectively. Minimum future lease rentals are as follows:

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

CITY OF OAK CREEK

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

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

H. NET POSITION/FUND BALANCES

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

Governmental Activities

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

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

Nonspendable Fund Balance

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

CITY OF OAK CREEK

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

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted Fund Balance

Major Funds

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

Non-Major Funds

Special Revenue Funds

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

Debt Service Funds

| | |
|------------------------|-----------|
| TIF No. 6 Debt Service | 1,091,399 |
|------------------------|-----------|

Capital Projects Funds

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

Total Restricted Fund Balance

\$ 32,663,067

Committed Fund Balance

Non-Major Funds

Special Revenue Funds

| | |
|----------------------|------------|
| Solid Waste | \$ 153,699 |
| WE Energies Fund | 25,020 |
| Special Assessment | 1,537,284 |
| Economic Development | 642,594 |
| | 642,594 |

Total Committed Fund Balance

\$ 2,358,597

CITY OF OAK CREEK

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

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Assigned Fund Balance

Major Funds

General Fund

Tax equivalent for subsequent year

\$ 1,596,033

Total General Fund

1,596,033

Capital Improvement Fund

21,600,605

Total Assigned Fund Balance

\$ 23,196,638

Unassigned Fund Balance

Major Funds

General Fund

\$ 5,141,376

Emergency Medical Services Fund (deficit)

(197,478)

Total Major Funds

4,943,898

Non-Major Funds

Special Revenue Funds

Consolidated Dispatch Services (deficit)

(96,940)

Debt Service Funds

TIF No. 4 Debt Service (deficit)

(222,945)

Capital Projects Funds

Developer Agreement (deficit)

(216)

Total Non-major Funds

(320,101)

Total Unassigned Fund Balance

\$ 4,623,797

CITY OF OAK CREEK

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

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

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

CITY OF OAK CREEK

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

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

The payroll for city employees covered by the system for the year ended December 31, 2014 was \$17,803,461; the employer's total payroll was \$17,945,597. The total required contribution for the year ended December 31, 2014 was \$2,922,051 or 16.41% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended December 31, 2013 and 2012 were \$3,272,607 and \$2,857,282, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931. As of December 31, 2014 there was no pension related debt for the city.

CITY OF OAK CREEK

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

NOTE IV – OTHER INFORMATION

B. RISK MANAGEMENT

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

Self Insurance

For health claims, the uninsured risk of loss is \$100,000 deductible per individual and \$4,923,188 in the aggregate for a policy year. Claims in excess of those amounts are covered by specific reinsurance up to \$1,920,000 lifetime maximum reimbursement and aggregate reinsurance up to a \$1,000,000 lifetime maximum per individual. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

All funds in the city participate in the health and dental insurance internal service fund. Amounts payable to the health insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$1,259,594 was designated for that reserve at year end, and is included in unrestricted net position of the internal service fund.

A liability for a claim is established if information indicates that it is probably that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not yet reported. The city does not allocated overhead costs or other nonincremental costs to the claims liability.

Claims Liability

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

CITY OF OAK CREEK

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

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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

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

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

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

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

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

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$50,000 per occurrence and an annual aggregate limit of \$200,000.

C. COMMITMENTS AND CONTINGENCIES

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

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

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

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

CITY OF OAK CREEK

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

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

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

D. OTHER POSTEMPLOYMENT BENEFITS

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

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the city and the unions. The city made health insurance contributions of 95% on behalf of all active employees and 0-40% on behalf of retirees for 2014.

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

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

CITY OF OAK CREEK

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

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

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

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

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

CITY OF OAK CREEK

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

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.00 percent investment rate of return and an annual healthcare cost trend rate of 5.50 percent initially and reduced by decrements to an ultimate rate of 4.40 percent after sixty-five years. Both rates include assumptions for annual rates of medical inflation. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

E. POWER GENERATING FACILITY MITIGATION REVENUE

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

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

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

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

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

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

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

G. SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

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

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

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

CITY OF OAK CREEK

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

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

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

CITY OF OAK CREEK

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

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

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

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE EMERGENCY MEDICAL SERVICES FUND For the Year Ended December 31, 2014

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

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

CITY OF OAK CREEK

OTHER POST EMPLOYMENT BENEFITS PLAN - HEALTH CARE
SCHEDULE OF FUNDED STATUS

December 31, 2014

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Projected unit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) | |
|--------------------------------|----------------------------------------|--------------------------------------------------------------------|------------------------------------|--------------------------|---------------------------|------------------------------------------------------------|--------|
| 1/1/14 | \$ | - | \$ 51,018,862 | \$ 51,018,862 | 0% | \$ 17,803,461 | 286.6% |
| 1/1/12 | | - | 57,307,289 | 57,307,289 | 0% | 17,194,475 | 333.3% |
| 12/31/10 | | - | 89,231,880 | 89,231,880 | 0% | 17,217,938 | 518.2% |

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

CITY OF OAK CREEK

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

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C.

A budget has been adopted for all governmental fund types. The budgeted amounts presented include any amendments made. The city administrator may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. There were no supplemental appropriations during the year.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$0. Budgets are adopted at the function level of expenditure.

FUNDING PROGRESS DATA

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

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

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APPENDIX B
PROPOSED FORM OF LEGAL OPINION
FOR THE NOTES

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

September 29, 2015

Re: City of Oak Creek, Wisconsin ("Issuer")
\$10,500,000 Taxable General Obligation Promissory Notes, Series 2015C,
dated September 29, 2015 ("Notes")

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

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

The Notes are numbered from R-1 and upward; bear interest at the rate of 2.125% per annum; and mature on September 1, 2018. Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2016.

The Notes are subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2017 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is included for federal income tax purposes in the gross income of the owners of the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion

regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

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

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

QUARLES & BRADY LLP

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APPENDIX C

CONTINUING DISCLOSURE CERTIFICATE

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 \$10,500,000 Taxable General Obligation Promissory Notes, Series 2015C, dated September 29, 2015 (the "Securities"). The Securities are being issued pursuant to a Resolution adopted by the Governing Body of the Issuer on September 15, 2015 (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 final Official Statement dated September 15, 2015 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 8640 South Howell Avenue, Oak Creek, WI 53154, phone (414) 768-6510, fax (414) 768-9587.

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

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

"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 that ends December 31, 2015, 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. Total Outstanding General Obligation Debt Summary
2. Total Outstanding Revenue Debt Summary (if any)
3. 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 such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the Issuer delivers to the MSRB an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate constituting the Undertaking may be amended without the consent of the holders of the Securities, but only upon the delivery by the Issuer to the MSRB of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

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 29th day of September, 2015.

Stephen Scaffidi
Mayor

(SEAL)

Catherine A. Roeske
City Clerk