

CITY OF OAK CREEK

Oak Creek, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2013

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, 2013, 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.

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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note I, the City of Oak Creek adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

To the City Council
City of Oak Creek

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 25, 2014

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CITY OF OAK CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2013

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 decreased by 1.2% in 2013 to \$173.9 million. Of this amount, \$156.8 million represents the City's net investment in capital assets, while \$9.7 million was held for restricted purposes, and \$7.4 million was unrestricted.

At the end of 2013, the City's governmental activities reported total net position of \$69.5 million, including a deficit balance in unrestricted net position of \$9.8 million.

The City's general fund balance decreased by \$58,346. A planned reduction of \$200,000 of fund balance was included in the 2013 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four sections:

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

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

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

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

Government-wide Statements

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

The first of these government-wide statements is the Statement of Net 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 decreased by \$2.1 million from fiscal year 2012 to 2013, a change of 1.2%; this decrease was comprised of a government-activities decrease of \$3.4 million plus a business-type activities increase of \$1.3 million. (See Table 1) The City's governmental activities and business-type activities have approximately 40% and 60%, respectively, of the combined assets.

Total net position of the City's governmental activities decreased to \$69.5 million, a reduction of 4.6% from 2012. The City's net investment in capital assets represent 102.3% of the total. Restricted net position of \$8.1 million represent 11.7% of the total. Unrestricted net position deficit of \$9.8 million represent -14.1% of the total.

Total net position of the City's business-type activities increased by 1.3% to \$104.4 million, including unrestricted net position of \$17.2 million, representing 16.5% of the total. All government and business type activities are self-supporting entities; net position of one entity is not permanently used by other entities.

Table 1
City of Oak Creek, Wisconsin
2013 and 2012 Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	94.4	50.9	20.9	17.7	115.3	68.6
Capital assets	96.2	95.9	107.2	107.8	203.4	203.7
Total assets	190.6	146.8	128.1	125.5	318.7	272.3
Deferred charge on refunding	0.0	0.0	0.2	0.3	0.2	0.3
Total deferred outflows of resources	0.0	0.0	0.2	0.3	0.2	0.3
Long-term debt outstanding	95.9	47.6	22.6	20.9	118.5	68.5
Other liabilities	3.6	4.0	1.3	1.1	4.9	5.1
Total liabilities	99.5	51.6	23.9	22.0	123.4	73.6
Unearned revenue	21.6	22.3	0.0	0.0	21.6	22.3
Total deferred inflows of resources	21.6	22.3	0.0	0.0	21.6	22.3
Net position:						
Net investment in capital assets	71.2	73.0	85.7	87.4	156.9	160.4
Restricted	8.1	7.5	1.5	1.5	9.6	9.0
Unrestricted	-9.8	-7.6	17.2	14.2	7.4	6.6
Total net position - end of year	69.5	72.9	104.4	103.1	173.9	176.0
Net position - beginning of year as restated	72.9	75.2	103.1	100.5	176.0	175.7
Change in net position	-3.4	-2.3	1.3	2.6	-2.1	0.3
Percent change in net position	-4.7%	-3.1%	1.3%	2.6%	-1.2%	0.2%

Change in combined net position.

The City had combined total revenues of \$54.1 million in 2013 and combined total expenses of \$56.2 million. After transfers, governmental activities had a decrease in net position of \$3.4 million, while business-type activities had an increase in net position of \$1.3 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.

Table 2
City of Oak Creek, Wisconsin

2013 and 2012 Changes in Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues						
Charges for service	4.4	4.3	13.6	13.3	18.0	17.6
Operating grants & contributions	2.2	2.2	-	-	2.2	2.2
Capital contributions	1.8	2.4	0.3	1.0	2.1	3.4
General Revenues						
Taxes	22.2	20.3	-	-	22.2	20.3
Intergovernmental	6.3	6.4	-	-	6.3	6.4
Other	3.2	3.8	0.1	0.4	3.3	4.2
Total Revenues	40.1	39.4	14.0	14.7	54.1	54.1
Expenses:						
General government	6.9	7.5	-	-	6.9	7.5
Public safety	19.0	19.0	-	-	19.0	19.0
Health and social services	0.4	0.6	-	-	0.4	0.6
Public works	10.3	10.8	-	-	10.3	10.8
Leisure activities	2.2	3.6	-	-	2.2	3.6
Conservation & development	5.6	1.3	-	-	5.6	1.3
Interest and fiscal charges	0.8	0.6	-	-	0.8	0.6
Water	-	-	7.4	7.0	7.4	7.0
Sewer	-	-	3.6	3.4	3.6	3.4
Total Expenses	45.2	43.4	11.0	10.4	56.2	53.8
Excess/(Deficiency) before transfers:	-5.1	-4.0	3.0	4.3	-2.1	0.3
Transfers	1.7	1.7	-1.7	-1.7	-	-
Change in Net Position	-3.4	-2.3	1.3	2.6	-2.1	0.3
Beginning Net Position as Restated	72.9	75.2	103.1	100.5	176.0	175.7
ENDING NET POSITION	69.5	72.9	104.4	103.1	173.9	176.0

Governmental Activities

The City of Oak Creek received a total of \$40.1 million in governmental activities revenues in 2013, up \$0.7 million when compared to 2012 revenues. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$22.2 million, or 55.4% of all governmental revenues, up from 51.5% in 2012. Property tax revenue in 2013 was virtually flat when compared to 2012 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 \$6.3 million (15.7%), followed by public charges for service of \$4.4 million (10.9%), and investment income, gain on sale of capital assets and miscellaneous revenues account for \$3.2 million (8.0%). Operating grants and contributions of \$2.2 million (5.5%) and the balance of approximately \$1.8 million (4.4%) was made up by capital contributions.

Total governmental activities expenses were \$45.2 million in 2013, which exceeded revenues by \$3.4 million. At \$19.0 million, public safety, including police, EMS, inspection and fire services, accounts for the largest share of City expenses at 42.0%. This is followed by public works with \$10.3 million, representing 22.8% and the general government group of activities with \$6.8 million or 15.2%. Conservation and development, at \$5.6 million, is next with 12.4%, Leisure activities with \$2.2 million (5.0%), health/social services at \$0.4 million (1.0%) complete the activities. Payment of interest and fiscal charges in the amount of \$0.8 million, accounts for 1.7% of total governmental activities expenses.

Business-type Activities

The City of Oak Creek received \$14.0 million in business-type activities revenue during 2013 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 \$0.3 million in 2013, with interest and miscellaneous income accounting for the balance of revenues of \$0.1 million.

Net position of the City of Oak Creek's water & sewer utilities increased by \$1.3 million in 2013, which represents a 1.3% 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 2013, the combined fund balances for the City's governmental funds was \$67.2 million. Of this total, \$1.4 million is nonspendable, \$49.5 million is restricted, \$2.2 million is committed and \$10.8 is assigned. The balance of unassigned governmental fund balances is \$3.3 million. These funds are allocated across the following areas:

Unassigned Fund Balances (deficit):	
General Fund	\$ 4.4
Special Revenue Funds	(0.6)
Debt Service Funds	(0.5)
Total	<u>\$ 3.3</u>

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

- Total fund balance as of December 31, 2013 was \$7.5 million, of which \$1.7 million was assigned. Included in the assigned amount are tax equivalent dollars to be paid by the utility in 2013, and minor amounts for delinquent personal property taxes, non-current receivables and inventories.
- Unassigned fund balance remained relatively unchanged from 2012 at \$4.4 million. The unassigned fund balance is now approximately 19.4% of the general fund 2013 actual revenues and other financing sources; this is within the City's policy target range of 10-20% for the purposes of cash flow, stabilization, and emergency reserves.

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, 2013 decreased from a deficit balance of \$0.4 million to a deficit balance \$0.6.
- Total revenues for 2013 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 \$5.1 million.

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

- Total fund balance at the end of the year was \$9.1 million, an increase of \$3.2 million from 2012.
- Revenue sources provided \$4.4 million; \$3 million from new long-term debt that was issued.
- Expenditures in this fund totaled \$5.9 million in 2013. The largest expenses included, storm sewer projects, major paving projects, Lakeview and Delphi pre-TID costs, 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. No budget amendments were made in 2013.

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 \$0.3 million, while expenditures were under budget by \$0.9 million. The expenditure outcome relates mainly to retirements and unfilled positions which occurred throughout the year, namely the Streets, Parks, Forestry Superintendent and unfilled positions in Engineering and Building Inspection, along with lower than anticipated motor fuel costs.

On the revenue side, conservative budgeting kept all categories quite close to budget, with the exception of interest income which took a hit mid-year due to conversation from the Federal Reserve about potentially adjusting the interest rates. Year over year revenues were mostly stagnant, but the City received \$157,000 in one time reimbursement from the Federal government for the Sikh Temple incident as well as a one-time influx of \$115,000 related to the closure of TIF #5. Permitting showed some signs of picking up speed with increased future development, and the City saw an increase in the PILOT payment from the Water and Sewer Utility due to a recent plant expansion. The short-term revenue outlook is stable with minor growth, with state approved legislation that limits taxation to growth alone and short-term interest rates remaining near all-time lows.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2013, the City reported a combined investment in capital assets of \$203.3 million. Of this amount, \$96.2 million, or 47.3%, 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 \$72.9 million.

In 2013, 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

**2013 and 2012 Capital Asset
Net of Accumulated Depreciation (in millions of dollars)**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land and improvements	23.0	23.0	0.1	0.1	23.1	23.1
Construction in progress	-	-	0.4	0.1	0.4	0.1
Buildings	16.2	16.6	-	-	16.2	16.6
Machinery and equipment	5.2	5.0	106.7	107.6	111.9	112.6
Infrastructure	51.8	51.3	-	-	51.8	51.3
Total	96.2	95.9	107.2	107.8	203.4	203.7

Long-term Debt

At year-end, the governmental activities had \$68.7 million in general obligation bonds and promissory notes and capital appreciation bonds, an increase of \$45.4 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 2013, the business-type activities had a total of \$21.7 million in outstanding revenue bonds and general obligation debt.

The City's general obligation bonds are rated Aa2 by Moody's Investors Service, which has also rated the City's short term notes with a MIG1 rating. Revenue bonds of the water & sewer utilities are rated Aa2. State law limits the City to issuing general obligation bonds totaling no more than 5% of the City's equalized value. Based on the 2013 equalized value, this limit is \$146.1 million. The City currently has a combined total of \$68 million of general obligation notes and bonds outstanding, representing 47.0% of its legal debt capacity.

Table 4
City of Oak Creek, Wisconsin

2013 and 2012 Outstanding Debt (in millions of dollars)

	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation debt	68.0	22.3	-	-	68.0	22.3
Capital appreciation bonds	0.7	1.0	-	-	0.7	1.0
Revenue debt	—	—	21.7	20.6	21.7	20.6
Totals	<u>68.7</u>	<u>23.3</u>	<u>21.7</u>	<u>20.6</u>	<u>90.4</u>	<u>43.9</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

	Estimated 2013	Estimated 2012	Estimated 2011	Census 2010	Estimated 2009
City of Oak Creek	34,695	34,530	34,495	34,451	32,600
Milwaukee County	950,410	948,322	948,369	947,735	931,830
State of Wisconsin	5,717,100	5,694,236	5,694,236	5,686,986	5,688,040

Total New Construction Building Permits			Total Residential Building Permits		
Year	Number	Value	Number	Value	
2013	27	\$5,809,735	23	\$5,649,234	

The Oak Creek City Council adopted the 2013 budget in November of 2012, which authorized general fund expenditures of \$23.7 million, a 1.77% increase from 2012. The combined general fund and debt service property tax levy is \$14.0 million, an increase of \$177,000 from 2012 due to new construction. The mill rate for City services increased by \$.09 in 2013, due entirely to the decrease in property values. The total tax levy has remained essentially at the same level since 2009, with any increase limited to the amount generated by new growth to the tax base.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF OAK CREEK

STATEMENT OF NET POSITION
As of December 31, 2013

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 64,832,391	\$ 17,503,954	\$ 82,336,345
Taxes receivable	22,299,846	-	22,299,846
Delinquent personal property taxes receivable	15,223	-	15,223
Accounts receivable	1,791,007	2,796,388	4,587,395
Special assessments receivable	1,024,845	-	1,024,845
Loans receivable	6,704	-	6,704
Notes receivable	1,839,001	-	1,839,001
Interest receivable	186,563	-	186,563
Other assets	-	5,000	5,000
Internal balances	1,053,132	(1,053,132)	-
Prepaid items and inventories	136,901	61,601	198,502
Restricted cash and investments	1,259,204	1,607,098	2,866,302
Capital Assets			
Land and land rights	22,972,130	131,589	23,103,719
Construction in progress	-	357,740	357,740
Other capital assets, net of depreciation	73,201,171	106,677,373	179,878,544
Total Assets	<u>190,618,118</u>	<u>128,087,611</u>	<u>318,705,729</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	213,467	213,467
Total Deferred Outflows of Resources	<u>-</u>	<u>213,467</u>	<u>213,467</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,768,514	1,219,055	3,987,569
Deposits	624,307	-	624,307
Unearned revenue	210,113	80,085	290,198
Noncurrent Liabilities			
Due within one year	3,886,532	1,740,988	5,627,520
Due in more than one year	92,023,468	20,833,896	112,857,364
Total Liabilities	<u>99,512,934</u>	<u>23,874,024</u>	<u>123,386,958</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	21,584,053	-	21,584,053
Total Deferred Inflows of Resources	<u>21,584,053</u>	<u>-</u>	<u>21,584,053</u>
NET POSITION			
Net investment in capital assets	71,154,353	85,674,982	156,829,335
Restricted for debt service	3,169,185	1,558,317	4,727,502
Restricted for TID activity	2,258,778	-	2,258,778
Restricted for impact fees	1,211,736	-	1,211,736
Restricted for park escrow	480,643	-	480,643
Restricted for other purposes	1,027,203	-	1,027,203
Unrestricted (deficit)	<u>(9,780,767)</u>	<u>17,193,755</u>	<u>7,412,988</u>
TOTAL NET POSITION	<u>\$ 69,521,131</u>	<u>\$ 104,427,054</u>	<u>\$ 173,948,185</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

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	\$ 6,851,704	\$ 1,345,382	\$ 40,151	\$ 76,997	\$ (5,389,174)	\$ -	\$ (5,389,174)
Public safety	18,965,044	1,794,661	475,820	-	(16,694,563)	-	(16,694,563)
Health and social services	435,445	17,685	102,685	-	(315,075)	-	(315,075)
Public works	10,291,408	1,035,811	1,589,861	1,189,527	(6,476,209)	-	(6,476,209)
Leisure activities	2,242,285	178,594	-	1,350	(2,062,341)	-	(2,062,341)
Conservation and development	5,581,019	-	60	510,829	(5,070,130)	-	(5,070,130)
Interest and fiscal charges	789,440	-	-	-	(789,440)	-	(789,440)
Total Governmental Activities	45,156,345	4,372,133	2,208,577	1,778,703	(36,796,932)	-	(36,796,932)
Business-type Activities							
Water utility	7,396,057	10,187,467	-	291,578	-	3,082,988	3,082,988
Sewer utility	3,653,837	3,474,789	-	702	-	(178,346)	(178,346)
Total Business-type Activities	11,049,894	13,662,256	-	292,280	-	2,904,642	2,904,642
Totals	\$ 56,206,239	\$ 18,034,389	\$ 2,208,577	\$ 2,070,983	(36,796,932)	2,904,642	(33,892,290)
General Revenues							
Taxes							
Property taxes, levied for general purposes					18,237,115	-	18,237,115
Property taxes, levied for debt service					850,000	-	850,000
Property taxes, levied for tax incremental districts					2,328,363	-	2,328,363
Other taxes					811,777	-	811,777
Intergovernmental revenues not restricted to specific programs					6,291,256	-	6,291,256
Investment income					310,485	24,732	335,217
Miscellaneous					2,655,870	8,759	2,664,629
Gain on sale of capital assets					248,759	60,000	308,759
Transfers					1,683,672	(1,683,672)	-
Total General Revenues and Transfers					33,417,297	(1,590,181)	31,827,116
Change in Net Position					(3,379,635)	1,314,461	(2,065,174)
NET POSITION - Beginning of Year (As Restated)					<u>72,900,766</u>	<u>103,112,593</u>	<u>176,013,359</u>
NET POSITION - END OF YEAR					\$ 69,521,131	\$ 104,427,054	\$ 173,948,185

See accompanying notes to financial statements.

CITY OF OAK CREEK

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	General	Emergency Medical Services Fund	DPW Debt Service Fund	Capital Improvement Fund	TIF No. 11 Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS							
Cash and investments	\$ 5,107,209	\$ -	\$ -	\$ 9,258,174	\$ 22,205,706	\$ 27,192,955	\$ 63,764,044
Receivables							
Taxes	14,053,153	3,551,590	-	-	25,537	4,669,566	22,299,846
Delinquent personal property taxes	15,223	-	-	-	-	-	15,223
Accounts	594,816	161,935	-	402,189	-	615,245	1,774,185
Notes receivable	-	-	-	-	-	1,839,001	1,839,001
Interest receivable	4,350	-	-	-	-	182,213	186,563
Special assessments	-	-	-	-	-	1,024,845	1,024,845
Loans	-	-	-	-	-	6,704	6,704
Prepaid items	-	-	-	-	-	68	68
Due from other funds	2,979,201	-	-	37,889	-	314,900	3,331,990
Inventories	136,531	302	-	-	-	-	136,833
Restricted cash and investments	-	-	-	-	-	1,259,204	1,259,204
TOTAL ASSETS	\$ 22,890,483	\$ 3,713,827	\$ -	\$ 9,698,252	\$ 22,231,243	\$ 37,104,701	\$ 95,638,506
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 533,884	\$ 14,486	\$ -	\$ 324,318	\$ 65,656	\$ 141,297	\$ 1,079,641
Accrued liabilities	701,280	91,790	-	22,386	-	23,585	839,041
Deposits	83,960	-	-	-	-	540,347	624,307
Due to other funds	472,276	677,671	114,833	-	-	1,013,996	2,278,776
Unearned revenues	27,900	-	-	-	-	182,213	210,113
Total Liabilities	<u>1,819,300</u>	<u>783,947</u>	<u>114,833</u>	<u>346,704</u>	<u>65,656</u>	<u>1,901,438</u>	<u>5,031,878</u>
Deferred Inflows of Resources							
Unearned revenues	13,587,782	3,551,590	-	-	25,537	4,419,144	21,584,053
Unavailable revenues	-	7,085	-	225,830	-	1,626,689	1,859,604
Total Deferred inflows of Resources	<u>13,587,782</u>	<u>3,558,675</u>	<u>-</u>	<u>225,830</u>	<u>25,537</u>	<u>6,045,833</u>	<u>23,443,657</u>
Fund Balances							
Nonspendable	1,381,913	-	-	-	-	68	1,381,981
Restricted	-	-	-	-	22,140,050	27,363,678	49,503,728
Committed	-	-	-	-	-	2,240,603	2,240,603
Assigned	1,683,672	-	-	9,125,718	-	-	10,809,390
Unassigned (deficit)	4,417,816	(628,795)	(114,833)	-	-	(446,919)	3,227,269
Total Fund Balances	<u>7,483,401</u>	<u>(628,795)</u>	<u>(114,833)</u>	<u>9,125,718</u>	<u>22,140,050</u>	<u>29,157,430</u>	<u>67,162,971</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 22,890,483	\$ 3,713,827	\$ -	\$ 9,698,252	\$ 22,231,243	\$ 37,104,701	\$ 95,638,506

CITY OF OAK CREEK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2013

Fund balance - total governmental funds	\$ 67,162,971
 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	22,972,130
Other capital assets, net of depreciation	73,201,171
 Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
Special assessments	1,037,215
Accounts receivable	7,085
Grants receivable	225,830
Notes receivable	582,971
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.	
	631,896
 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	(68,676,879)
Unamortized debt premium	(579,066)
Unfunded OPEB liability	(24,441,052)
Compensated absences	(2,213,003)
Accrued interest	<u>(396,641)</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u>\$ 69,521,131</u>

CITY OF OAK CREEK

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General	Emergency Medical Services Fund	DPW Debt Service Fund	Capital Improvement Fund	TIF No. 11 Capital Projects Fund	Nonmajor Governmental Funds	Totals
REVENUES							
Taxes	\$ 13,913,177	\$ 3,551,590	\$ -	\$ -	\$ -	\$ 4,762,487	\$ 22,227,254
Intergovernmental	4,920,159	129,874	-	1,287,691	-	3,452,767	9,790,491
Regulation and compliance	1,334,630	-	-	-	-	-	1,334,630
Public charges for services	298,194	1,123,497	-	-	-	869,522	2,291,213
Special assessments/developer contributions	-	-	-	-	-	299,053	299,053
Investment income	142,597	-	-	18,089	2,433	100,342	263,461
Miscellaneous	174,228	-	-	130,894	-	2,473,141	2,778,263
Interfund charges for services	312,007	-	-	-	-	-	312,007
Total Revenues	<u>21,094,992</u>	<u>4,804,961</u>	<u>-</u>	<u>1,436,674</u>	<u>2,433</u>	<u>11,957,312</u>	<u>39,296,372</u>
EXPENDITURES							
Current							
General government	5,904,285	-	-	-	-	-	5,904,285
Public safety	10,835,935	5,072,014	-	-	-	1,202,524	17,110,473
Health and social services	559,035	-	-	-	-	88,811	647,846
Public works	3,584,056	-	-	-	30,693	2,006,438	5,621,187
Leisure activities	1,917,602	-	-	-	-	141,045	2,058,647
Conservation and development	-	-	-	-	-	1,246,210	1,246,210
Capital Outlay	-	-	-	5,876,065	1,714,640	2,216,449	9,807,154
Debt Service							
Principal retirement	-	-	6,275,000	-	-	1,310,000	7,585,000
Interest and fiscal charges	-	-	357,521	-	150	229,324	586,995
Total Expenditures	<u>22,800,913</u>	<u>5,072,014</u>	<u>6,632,521</u>	<u>5,876,065</u>	<u>1,745,483</u>	<u>8,440,801</u>	<u>50,567,797</u>
Excess (deficiency) of revenues over expenditures	(1,705,921)	(267,053)	(6,632,521)	(4,439,391)	(1,743,050)	3,516,511	(11,271,425)
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	3,000,000	23,550,000	20,525,000	47,075,000
Refunding debt issued	-	-	5,825,000	-	-	-	5,825,000
Premium on debt	-	-	175,000	-	336,285	75,000	586,285
Sale of property	64,690	-	-	-	-	-	64,690
Transfers in	1,683,672	-	517,188	4,639,411	-	236,287	7,076,558
Transfers out	(100,787)	-	-	-	-	(5,292,099)	(5,392,886)
Total Other Financing Sources (Uses)	<u>1,647,575</u>	<u>-</u>	<u>6,517,188</u>	<u>7,639,411</u>	<u>23,886,285</u>	<u>15,544,188</u>	<u>55,234,647</u>
Net Change in Fund Balance	(58,346)	(267,053)	(115,333)	3,200,020	22,143,235	19,060,699	43,963,222
FUND BALANCES (Deficit) - Beginning of Year	7,541,747	(361,742)	500	5,925,698	(3,185)	10,096,731	23,199,749
FUND BALANCES (Deficit) - END OF YEAR	<u>\$ 7,483,401</u>	<u>\$ (628,795)</u>	<u>\$ (114,833)</u>	<u>\$ 9,125,718</u>	<u>\$ 22,140,050</u>	<u>\$ 29,157,430</u>	<u>\$ 67,162,971</u>

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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, 2013**

Net change in fund balances - total governmental funds \$ 43,963,222

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	9,807,154
Some items capitalized were not reported as capital outlay	20,100
Some amounts reported as capital outlay were not capitalized	(6,605,585)
Depreciation is reported in the government-wide statements	(2,589,270)
Net book value of disposed assets	(403,402)

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	(241,804)
Grants	124,350
Notes	582,971
Loans	(2,310)

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	7,585,000
Debt proceeds	(52,900,000)
Capital appreciation bond increase	(46,676)

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	(586,285)
Amortization of debt premium on debt issued	49,332

Part of net revenue of activities in the internal service fund is reported with governmental activities 435,941

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	(2,159,664)
Compensated absences	(256,940)
Accrued interest on debt	(155,769)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,379,635)

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
ASSETS				
Current Assets				
Cash and investments	\$ 11,877,083	\$ 5,626,871	\$ 17,503,954	\$ 1,068,347
Customer accounts receivable	1,987,907	767,945	2,755,852	-
Other accounts receivable	39,868	668	40,536	16,822
Due from other funds	304,240	278,138	582,378	33,392
Inventories	49,236	-	49,236	-
Prepaid items	5,299	-	5,299	-
Restricted assets				
Revenue bond redemption account	161,281	-	161,281	-
Total Current Assets	<u>14,424,914</u>	<u>6,673,622</u>	<u>21,098,536</u>	<u>1,118,561</u>
Noncurrent Assets				
Restricted Assets				
Revenue bond reserve account	1,445,817	-	1,445,817	-
Total Restricted Assets	<u>1,445,817</u>	<u>-</u>	<u>1,445,817</u>	<u>-</u>
Capital Assets				
Land and land rights	118,444	13,145	131,589	-
Construction in progress	351,371	6,369	357,740	-
Utility plant in service	104,480,978	42,023,697	146,504,675	-
Accumulated depreciation	(29,963,766)	(9,863,536)	(39,827,302)	-
Total Capital Assets	<u>74,987,027</u>	<u>32,179,675</u>	<u>107,166,702</u>	<u>-</u>
Other Assets				
Property held for future use	5,000	-	5,000	-
Prepaid items	7,066	-	7,066	-
Due from other funds - special assessments	95,815	97,375	193,190	-
Due from other funds - Advance	-	2,458,500	2,458,500	-
Total Other Assets	<u>107,881</u>	<u>2,555,875</u>	<u>2,663,756</u>	<u>-</u>
Total Assets	<u>90,965,639</u>	<u>41,409,172</u>	<u>132,374,811</u>	<u>1,118,561</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	213,467	-	213,467	-
Total Assets and Deferred Outflows of Resources	<u>91,179,106</u>	<u>41,409,172</u>	<u>132,588,278</u>	<u>1,118,561</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 333,279	\$ 584,376	\$ 917,655	\$ 453,191
Accrued payroll	191,236	30,149	221,385	-
Accrued interest payable	31,234	-	31,234	-
Due to other funds	1,818,552	43,622	1,862,174	-
Unearned revenue	80,085	-	80,085	-
Revenue bonds payable	390,988	-	390,988	-
Liabilities Payable From Restricted Assets				
Accrued interest	48,781	-	48,781	-
Current portion of revenue bonds	1,350,000	-	1,350,000	-
Total Current Liabilities	<u>4,244,155</u>	<u>658,147</u>	<u>4,902,302</u>	<u>453,191</u>
Noncurrent Liabilities				
Net other postemployment benefits obligation	695,758	173,939	869,697	-
Due to other funds - Advance	2,458,500	-	2,458,500	-
Unamortized premiums on debt	54,646	-	54,646	-
Revenue bonds	19,909,553	-	19,909,553	-
Total Noncurrent Liabilities	<u>23,118,457</u>	<u>173,939</u>	<u>23,292,396</u>	<u>-</u>
Total Liabilities	<u>27,362,612</u>	<u>832,086</u>	<u>28,194,698</u>	<u>453,191</u>
NET POSITION				
Net investment in capital assets	53,495,307	32,179,675	85,674,982	-
Restricted				
Debt service	1,558,317	-	1,558,317	-
Unrestricted	<u>8,762,870</u>	<u>8,397,411</u>	<u>17,160,281</u>	<u>665,370</u>
TOTAL NET POSITION	<u>\$ 63,816,494</u>	<u>\$ 40,577,086</u>	104,393,580	<u>\$ 665,370</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>33,474</u>	
Net Position of Business-type Activities			<u>\$ 104,427,054</u>	

See accompanying notes to financial statements.

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CITY OF OAK CREEK

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

For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
OPERATING REVENUES				
Charges for services and sales	\$ 9,874,490	\$ 3,421,732	\$ 13,296,222	\$ -
Other operating revenues	<u>307,787</u>	<u>53,057</u>	<u>360,844</u>	<u>6,289,442</u>
Total Operating Revenues	<u>10,182,277</u>	<u>3,474,789</u>	<u>13,657,066</u>	<u>6,289,442</u>
OPERATING EXPENSES				
Operation and maintenance	4,103,228	3,071,160	7,174,388	5,844,741
Depreciation	2,347,067	534,330	2,881,397	-
Taxes	<u>114,748</u>	<u>48,347</u>	<u>163,095</u>	-
Total Operating Expenses	<u>6,565,043</u>	<u>3,653,837</u>	<u>10,218,880</u>	<u>5,844,741</u>
Operating Income (Loss)	<u>3,617,234</u>	<u>(179,048)</u>	<u>3,438,186</u>	<u>444,701</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	11,295	13,437	24,732	-
Income from merchandising and jobbing	5,190	-	5,190	-
Interest expense	(806,306)	-	(806,306)	-
Amortization expense	(24,708)	-	(24,708)	-
Gain on sale of capital assets	-	60,000	60,000	-
Total Nonoperating Revenues (Expenses)	<u>(814,529)</u>	<u>73,437</u>	<u>(741,092)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	2,802,705	(105,611)	2,697,094	444,701
CAPITAL CONTRIBUTIONS	291,578	702	292,280	-
TRANSFERS OUT	<u>(1,683,672)</u>	<u>-</u>	<u>(1,683,672)</u>	<u>-</u>
Change in Net Position	1,410,611	(104,909)	1,305,702	444,701
NET POSITION - Beginning of Year (As Restated)	<u>62,405,883</u>	<u>40,681,995</u>		<u>220,669</u>
NET POSITION - END OF YEAR	<u>\$ 63,816,494</u>	<u>\$ 40,577,086</u>		<u>\$ 665,370</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>8,759</u>	
Change in Net Position of Business-Type Activities			<u>\$ 1,314,461</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013**

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	<u>Activities - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 9,782,236	\$ 3,468,589	\$ 13,250,825	\$ 6,296,715
Received from rents of water property	258,355	-	258,355	-
Payment for nonoperating activities	11,218	-	11,218	-
Received from miscellaneous sources	58,269	3,273	61,542	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(2,048,502)	(2,048,502)	-
Paid to suppliers for goods and services	(2,447,808)	(574,455)	(3,022,263)	(5,870,115)
Paid to employees for services	(1,578,731)	(442,724)	(2,021,455)	-
Net Cash Flows From Operating Activities	<u>6,083,539</u>	<u>406,181</u>	<u>6,489,720</u>	<u>426,600</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to city for tax equivalent	(1,680,782)	-	(1,680,782)	-
Advance to Water Utility	-	(2,500,000)	(2,500,000)	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,680,782)</u>	<u>(2,500,000)</u>	<u>(4,180,782)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(2,500,000)	(2,500,000)	(5,000,000)	-
Proceeds from sale of investments	-	2,500,000	2,500,000	-
Investment income	14,691	8,929	23,620	-
Net Cash Flows From Investing Activities	<u>(2,485,309)</u>	<u>8,929</u>	<u>(2,476,380)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,818,960)	(367,902)	(2,186,862)	-
Proceeds received for acquisition and construction of capital assets	292,448	3,778	296,226	-
Advance from Sewer Utility for acquisition and construction of capital assets	2,500,000	-	2,500,000	-
Proceeds from sale of capital assets	-	61,200	61,200	-
Special assessment proceeds	16,678	16,081	32,759	-
Proceeds from salvage on capital assets	6,325	-	6,325	-
Proceeds from issuance of debt	2,594,795	-	2,594,795	-
Debt issuance costs paid	(7,000)	-	(7,000)	-
Debt retired	(1,577,138)	-	(1,577,138)	-
Interest paid	(799,668)	-	(799,668)	-
Net Cash Flows From Capital and Related Financing Activities	<u>1,207,480</u>	<u>(286,843)</u>	<u>920,637</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,124,928	(2,371,733)	753,195	426,600
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,258,056</u>	<u>6,435,105</u>	<u>10,693,161</u>	<u>641,747</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,382,984	\$ 4,063,372	\$ 11,446,356	\$ 1,068,347

	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)	\$ 3,617,234	\$ (179,048)	\$ 3,438,186	\$ 444,701
Nonoperating revenues (expenses)	5,190		5,190	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	2,347,067	534,330	2,881,397	-
Depreciation charged to other accounts	79,413	(47,069)	32,344	-
Loss on sale of transportation equipment	(3,525)	-	(3,525)	-
Changes in assets and liabilities				
Customer accounts receivable	(37,757)	8,321	(29,436)	-
Other accounts receivable	7,094	8	7,102	22,071
Due from other funds	-	-	-	(14,798)
Inventories	22,031	-	22,031	-
Prepaid items	(12,365)	-	(12,365)	-
Special assessment receivable	(24,000)	-	(24,000)	-
Accounts payable and accrued liabilities	(64,320)	34,810	(29,510)	(25,374)
Accrued expenses	(4,301)	(2,281)	(6,582)	-
Due to other funds	35,052	30,138	65,190	-
Net other post employment benefits obligation	107,889	26,972	134,861	-
Unearned revenue	8,837	-	8,837	-
	<u>8,837</u>	<u>-</u>	<u>8,837</u>	<u>-</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 6,083,539	\$ 406,181	\$ 6,489,720	\$ 426,600
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 11,877,083	\$ 5,626,871	\$ 17,503,954	\$ 1,068,347
Restricted cash and investments - current	161,281		161,281	-
Restricted cash and investments - noncurrent	1,445,817	-	1,445,817	-
Less: Investments not considered to be cash and cash equivalents	(6,101,197)	(1,563,499)	(7,664,696)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,382,984	\$ 4,063,372	\$ 11,446,356	\$ 1,068,347
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Interest income earned on noncash equivalents	\$ 36,119	\$ 36,562		\$ -
Market value adjustment on investments	\$ (40,817)	\$ (34,687)		\$ -
Gain on capital asset retirements	\$ 6,325	\$ 61,200		\$ -
Cost of capital assets installed and/or financed by developers	\$ 1,250	\$ -		\$ -
Interest capitalized on construction projects	\$ 3,842	\$ -		\$ -

CITY OF OAK CREEK

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 37,421,322
Property taxes receivable	<u>15,264,313</u>
TOTAL ASSETS	<u>\$ 52,685,635</u>
LIABILITIES	
Due to other taxing units	<u>\$ 52,685,635</u>
TOTAL LIABILITIES	<u>\$ 52,685,635</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

Government-Wide Financial Statements

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements

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

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

- a. Total assets/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.
- 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. 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, 2013

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

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

- Debt Amortization Fund
- 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, 2013

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. 8 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 unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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, 2013

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 unearned revenues. 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 of resources/unearned revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and 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, 2013

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.

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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.)

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, 2013

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, 2013, 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, 2013

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 – 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due (50%)	January 31, 2014
Second installment due (25%)	March 31, 2014
Third installment due (25%)	May 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale – 2013 delinquent real estate taxes	October 2016

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, 2013

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 \$3,842 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, 2013

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 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, 2013

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, 2013 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 12-31-13
Crown Prince Inc.	12/2/03	\$ 2,235,000	1/1/24	\$ 727,137
Wisconsin Electric Power Company	12/1/04	67,000,000	8/1/16	67,000,000
AAA Sales & Engineering	12/21/2010	6,000,000	9/30/18	<u>3,999,960</u>
Total				<u>\$ 71,727,097</u>

9. Deferred Inflows of Resources

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

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.”

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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.)

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, 2013

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 \$20,900,043 and the state shared revenue was \$6,182,049, for a total of \$27,082,092. At year end, amounts available for working capital and included in unassigned general fund balance totaled \$4,417,816, or 16.3%.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

B. EXCESS EXPENDITURES OVER APPROPRIATION

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue Funds			
Emergency Medical Services Fund	\$ 4,903,515	\$ 5,072,014	\$ 168,499
Donation & Activity Fund	-	270,605	270,605
WE- Energies Fund	2,389,340	3,227,909	838,569
Impact Fees Fund	130,500	320,681	190,181
Storm Water Fund	609,600	647,022	37,422
Debt Service Funds			
TIF No. 4 Debt Service Fund	368,231	570,150	201,919
TIF No. 5 Debt Service Fund	1,500	442,055	440,555
General Debt Service Fund	2,517,200	2,617,188	99,988
Capital Projects Funds			
TIF No. 7 Capital Project Fund	150,000	563,031	413,031
TIF No. 9 Capital Project Fund	-	150	150

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, 2013

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

C. DEFICIT BALANCES

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

As of December 31, 2013, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Fund		
Emergency Medical Services Fund	\$ 628,795	Excess of expenditures over revenues
WE Energies Fund	12,003	Excess of expenditures over revenues
Debt Service Funds		
Police Station Debt Service Fund	8,520	Excess of expenditures over revenues
DPW Debt Service Fund	114,833	Excess of expenditures over revenues
TIF No. 4 Debt Service Fund	426,376	Excess of expenditures over revenues

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 18,064,864	\$ 18,060,306	Custodial credit risk
U.S. treasuries	4,468,135	4,469,812	Custodial credit risk, interest rate risk
U.S. agencies	998,474	998,474	Custodial credit risk, interest rate risk, concentration of credit risk
Municipal bonds	963,985	963,985	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Asset backed securities	10,719,589	10,719,589	Credit risk, custodial credit risk, interest rate risk
Corporate bonds	4,147,544	4,120,354	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Local Government Investment Pool	83,257,238	83,257,238	Credit risk
Petty cash	4,140	-	N/A
Total Cash and Investments	<u>\$ 122,623,969</u>	<u>\$ 122,589,758</u>	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 82,336,345		
Restricted cash and investments	2,866,302		
Per statement of net position – fiduciary funds			
Agency	37,421,322		
Total Cash and Investments	<u>\$ 122,623,969</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, 2013

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, 2013 the city's investments were rated as follows:

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

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, 2013

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, 2013, 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, 2013, 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	\$ 4,468,135	\$ 931,315	\$ 3,536,820	\$ -
U.S. agencies	998,474	362,003	636,471	-
Municipal bonds	963,985	212,858	751,127	-
Asset backed securities	10,719,589	1,610,710	3,599,307	5,509,572
Corporate bonds	4,147,544	501,613	3,645,931	-
Totals	\$ 21,297,727	\$ 3,618,499	\$ 12,169,656	\$ 5,509,572

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

B. RECEIVABLES

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

	Total Net Receivables	Amounts Not Expected To be Collected Within one year
General Fund	\$ 14,667,542	\$ 15,223
Emergency Medical Services Fund	3,713,525	-
Capital Improvement Fund	402,189	-
TIF No. 11 Capital Projects Fund	25,537	-
Nonmajor Governmental Funds	8,337,574	1,031,549
Total	\$ 27,146,367	\$ 1,315,766

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 \$163,000 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	\$ 21,584,053	\$ -
Accounts receivable not collected	210,113	232,915
Special assessments not yet due	-	1,037,215
Notes receivable	-	582,971
Loan receivables	-	6,503
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 21,794,166	\$ 1,859,604
Unearned revenue included in liabilities	\$ 210,113	
Unearned revenue included in deferred inflows	21,584,053	
Total Unearned Revenue for Governmental Funds	\$ 21,794,166	

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, 2013:

	Governmental Activities	Business- type Activities	Total
Redemption account	\$ -	\$ 161,281	\$ 161,281
Reserve account	-	1,445,817	1,445,817
Impact fee account	1,211,736	-	1,211,736
Asset forfeiture account	47,468	-	47,468
Total	\$ 1,259,204	\$ 1,607,098	\$ 2,866,302

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 22,952,030	\$ 20,100	\$ -	\$ 22,972,130
Total Capital Assets Not Being Depreciated	22,952,030	20,100	-	22,972,130
Capital assets being depreciated				
Land improvements	1,663,530	-	-	1,663,530
Buildings	22,127,886	-	-	22,127,886
Intangible Asset – Easements	5,400	-	-	5,400
Machinery and equipment	16,983,209	1,331,692	1,143,084	17,171,817
Bridges	286,370	-	-	286,370
Roads	43,006,060	1,449,928	427,838	44,028,150
Sidewalks	3,454,033	-	-	3,454,033
Street lighting	4,231,815	100,403	13,332	4,318,886
Storm sewers	22,768,815	319,547	-	23,088,362
Total Capital Assets Being Depreciated	114,527,118	3,201,570	1,584,254	116,144,434
Less: Accumulated depreciation for				
Land improvements	(780,072)	(68,604)	-	(848,676)
Buildings	(5,519,484)	(426,753)	-	(5,946,237)
Intangible Asset – Easements	(5,400)	-	-	(5,400)
Machinery and equipment	(12,085,467)	(886,932)	1,014,529	(11,957,870)
Bridges	(20,048)	(2,864)	-	(22,912)
Roads	(8,882,651)	(575,610)	152,991	(9,305,270)
Sidewalks	(2,069,410)	(48,309)	-	(2,117,719)
Street lighting	(2,722,738)	(145,272)	13,332	(2,854,678)
Storm sewers	(9,449,575)	(434,926)	-	(9,884,501)
Total Accumulated Depreciation	(41,534,845)	(2,589,270)	1,180,852	(42,943,263)
Net Capital Assets Being Depreciated	72,992,273	612,300	403,402	73,201,171
Total Governmental Activities Assets, Net of Accumulated Depreciation	\$ 95,944,303	632,400	\$ 403,402	\$ 96,173,301

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 43,770
Public safety	703,666
Health and social services	1,205
Public works	1,638,761
Leisure activities	<u>201,868</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 2,589,270</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 118,444	\$ -	\$ -	\$ 118,444
Construction in progress	<u>10,107</u>	<u>2,117,190</u>	<u>1,775,926</u>	<u>351,371</u>
Total Capital Assets Not Being Depreciated	<u>128,551</u>	<u>2,117,190</u>	<u>1,775,926</u>	<u>469,815</u>
Capital assets being depreciated				
Source of supply	6,200,674	-	-	6,200,674
Pumping	9,145,667	178,207	228,190	9,095,684
Treatment	25,133,131	89,299	201,016	25,021,414
Transmission and distribution	58,376,664	1,294,386	285,889	59,385,161
General	<u>4,826,344</u>	<u>74,453</u>	<u>122,752</u>	<u>4,778,045</u>
Total Capital Assets Being Depreciated	<u>103,682,480</u>	<u>1,636,345</u>	<u>837,847</u>	<u>104,480,978</u>
Total Capital Assets	<u>103,811,031</u>	<u>3,753,535</u>	<u>2,613,773</u>	<u>104,950,793</u>
Less: Accumulated depreciation for				
Source of supply	(1,777,098)	(107,588)	-	(1,884,686)
Pumping	(3,305,752)	(368,038)	228,190	(3,445,600)
Treatment	(7,399,295)	(863,705)	201,016	(8,061,984)
Transmission and distribution	(13,294,052)	(985,868)	285,889	(13,994,031)
General	<u>(2,516,317)</u>	<u>(104,081)</u>	<u>42,933</u>	<u>(2,577,465)</u>
Total Accumulated Depreciation	<u>(28,292,514)</u>	<u>(2,429,280)</u>	<u>758,028</u>	<u>(29,963,766)</u>
 Net Water Plant	 <u>\$ 75,518,517</u>	 <u>\$ 1,324,255</u>	 <u>\$ 1,855,745</u>	 <u>\$ 74,987,027</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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>
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Construction in progress	-	38,477	32,108	6,369
Total Capital Assets Not Being Depreciated	<u>13,145</u>	<u>38,477</u>	<u>32,108</u>	<u>19,514</u>
Capital assets being depreciated				
Collection system	41,147,257	16,530	-	41,163,787
Collection system pumping	243,410	-	370	243,040
General	459,435	361,379	203,944	633,030
Total Capital Assets Being Depreciated	<u>41,850,102</u>	<u>377,909</u>	<u>204,314</u>	<u>42,023,697</u>
Total Capital Assets	<u>41,863,247</u>	<u>416,386</u>	<u>236,422</u>	<u>42,043,211</u>
Less: Accumulated depreciation for				
Collection system	(9,017,835)	(427,842)	-	(9,445,677)
Collection system pumping	(230,837)	(2,077)	370	(232,544)
General	(330,717)	(58,542)	203,944	(185,315)
Total Accumulated Depreciation	<u>(9,579,389)</u>	<u>(488,461)</u>	<u>204,314</u>	<u>(9,863,536)</u>
Net Sewer Plant	<u>\$ 32,283,858</u>	<u>\$ (72,075)</u>	<u>\$ 32,108</u>	<u>\$ 32,179,045</u>
Business-type Capital Assets, Net of Depreciation	<u>\$ 107,802,375</u>	<u>\$ 1,252,180</u>	<u>\$ 1,887,853</u>	<u>\$ 107,166,702</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 2,347,067
Sewer	<u>534,330</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,881,397</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, 2013

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	\$ 1,705,422	\$ -
General fund	Sewer utility	43,622	-
General fund	Emergency medical services fund	677,671	677,671
General fund	TIF # 4 debt service fund	426,376	426,376
General fund	Developer agreement fund	2,758	2,758
General fund	Police station debt service fund	8,520	8,520
General fund	DPW debt service fund	114,833	114,833
Economic development fund	TIF #7 capital projects fund	314,900	314,900
Health insurance fund	Water utility	33,392	-
Capital improvement fund	Water utility	37,889	-
Water utility	General fund	274,481	-
Sewer utility	General fund	197,795	-
Sewer utility	Special assessment fund	135,869	97,375
Water utility	Special assessment fund	125,573	119,815
Sewer utility	Water utility	<u>41,849</u>	
Total – Fund Financial Statements		4,140,950	
Less: Internal service fund allocation		(33,474)	
Fund eliminations		(1,545,058)	
Government-wide eliminations		<u>(1,509,286)</u>	
Total Internal Balances – Government-Wide Statement of Net Position		<u>\$ 1,053,132</u>	

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	\$ 1,683,672	Tax equivalent
Capital improvements fund	Storm water fund	100,000	Finance of capital improvement projects
DPW Debt service fund	Debt amortization fund	517,188	Finance debt service requirements
Police debt service fund	Impact fee escrow fund	135,500	Finance payment of police debt service
Capital improvements fund	Impact fee escrow fund	185,181	Finance of capital improvement projects
Capital improvements fund	WE energies fund	2,079,230	Finance of capital improvement projects
Capital improvements fund	Special assessment fund	175,000	Finance of capital improvement projects
Capital improvements fund	Debt amortization fund	2,100,000	Finance of capital improvement projects
Debt amortization fund	General fund	12,637	Finance debt service requirements
Activity & donation fund	General fund	<u>88,150</u>	Library donations
Subtotal – Fund financial statements		7,076,558	
Less: Fund eliminations		<u>(5,392,885)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 1,683,672</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, 2013

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>
2014	\$ 41,500	\$ 8,500
2015	41,641	8,359
2016	41,783	8,217
2017	41,925	8,075
2018	117,067	7,933
2019 – 2023	867,185	32,815
2024 – 2028	<u>1,348,899</u>	<u>14,134</u>
Totals	<u>\$ 2,500,000</u>	<u>\$ 88,033</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, 2013

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013 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	\$ 22,330,000	\$ 52,900,000	\$ 7,225,000	\$ 68,005,000	\$ 2,150,000
Capital appreciation bonds	985,203	46,676	360,000	671,879	360,000
Sub-Totals	23,315,203	52,946,676	7,585,000	68,676,879	2,510,000
Add: Unamortized debt premium	42,113	586,285	49,332	579,066	-
Sub-Total	23,357,316	53,532,961	7,634,332	69,255,945	-
Other Liabilities					
Vested compensated absences	1,956,063	1,752,637	1,495,697	2,213,003	1,376,532
Other postemployment benefits	22,281,388	3,832,664	1,673,000	24,441,052	-
Total Other Liabilities	24,237,451	5,585,301	3,168,697	26,654,055	-
Total Governmental Activities Long-Term Liabilities	\$ 47,594,767	\$ 59,118,262	\$ 10,803,029	\$ 95,910,000	3,886,532
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
Revenue bonds	\$ 20,632,884	\$ 2,594,795	\$ 1,577,138	\$ 21,650,541	\$ 1,740,988
Add: Unamortized debt premium	72,676	-	18,030	54,646	-
Sub-Total	20,705,560	2,594,795	1,595,168	21,705,187	1,740,988
Other Liabilities					
Other postemployment benefits	734,836	339,861	205,000	869,697	-
Vested compensated absences	19,193	-	19,193	-	-
Total Business-type Activities Long-Term Liabilities	\$ 21,459,589	\$ 2,934,656	\$ 1,819,361	\$ 22,574,884	\$ 1,740,988

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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, 2013 was \$146,099,195. Total general obligation debt outstanding at year end was \$68,676,879.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-13
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	\$ 450,000
2010 bonds	4/01/10	4/01/30	1.50-4.375%	7,000,000	6,350,000
2012 bonds	2/01/12	3/01/17	1.00-1.75%	4,530,000	3,705,000
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	5,825,000
2013A notes	4/2/13	4/01/23	1.00-2.75%	3,000,000	3,000,000
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	10,000,000
Sub-Total					<u>68,005,000</u>
2002 Capital appreciation bonds	12/02/02	9/01/15	3.40-4.84%	2,184,987	<u>671,879</u>
Total Governmental Activities – Notes and Bonds					<u>\$ 68,676,879</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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	
	Principal	Interest
2014	\$ 2,150,000	\$ 1,687,304
2015	17,400,000	1,534,776
2016	25,900,000	1,273,432
2017	2,230,000	753,075
2018	1,300,000	713,344
2019-2023	12,500,000	2,903,093
2024-2028	3,875,000	898,156
2029-2032	2,650,000	160,391
Totals	\$ 68,005,000	\$ 9,923,569

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

<u>Years</u>	Governmental Activities Capital Appreciation Bonds
2014	\$ 360,000
2015	360,000
	720,000
Less: Interest portion	(48,121)
Principal Portion	\$ 671,879

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 \$21,650,541 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, 2033. The total principal and interest remaining to be paid on the bonds is \$28,045,931. Principal and interest paid for the current year and total customer net revenues were \$2,376,805 and \$5,985,484, respectively. Future principal and interest payments are expected to require 25% of net revenues.

Revenue debt payable at December 31, 2013 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-13
Water utility refunding revenue bonds	11/1/05	12/01/20	3.38-5.00%	\$ 12,130,000	\$ 6,680,000
Water utility revenue bonds	5/22/13	5/1/2033	1.925%	2,594,795	2,594,795
Water utility revenue bonds	1/13/10	5/1/29	2.668%	791,863	691,602
Water utility revenue bonds	3/15/11	12/1/31	2.25-5.00%	6,500,000	6,275,000
Water utility revenue bonds	11/23/11	5/1/31	2.20%	5,889,583	5,409,144
Total Business-type Activities Revenue Debt					<u>\$ 21,650,541</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>
2014	\$ 1,740,988	\$ 768,542
2015	1,799,458	706,167
2016	1,858,114	641,386
2017	1,741,959	574,368
2018	1,225,997	501,981
2019 – 2023	5,052,630	1,862,654
2024 – 2028	4,680,146	1,091,841
2029 – 2033	3,551,249	248,451
Totals	<u>\$ 21,650,541</u>	<u>\$ 6,395,390</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 April 2, 2013, the city issued \$5.825 Million in general obligation bonds with an average interest rate of 3.35% to current refund \$6 Million of outstanding bonds with an average interest rate of 2.00%. The net proceeds were used to prepay the outstanding debt.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$6,115,333, payable in 2013. The cash flow requirements on the 2013 general obligation refunding bonds are \$8,166,038 from 2014 through 2032. The 2012 general obligation promissory notes were due on May 1, 2013. Therefore, the City issued the 2013 general obligation refunding bonds for the purpose of paying the cost of refinancing the promissory notes and provide permanent financing for certain capital projects.

G. LEASE DISCLOSURES

Lessor – Operating Leases – Governmental Activities

The city has entered into an operating lease with Verizon Wireless (VW) for a 125 foot monopole constructed by VW on city property at 240 East Puetz Road. The term of the lease is 10 years commencing October 21, 2001. The lease shall be automatically renewed for three additional five year terms unless VW notifies Oak Creek of its intention not to renew. In consideration of VW's installation and sale to Oak Creek of the monopole, VW shall occupy the site rent free during the first term of the agreement. Future annual lease payments are as follows:

First term (years 1-10)	\$	-
First renewal term (years 11-15)		25,537
Second renewal term (years 16-20)		30,645
Third renewal term (years 21-25)		36,774

The city has entered into an operating lease with T-Mobile Central LLC (TM) for a 125 foot monopole constructed by TM on city property at 240 East Puetz Road. The term of the lease is 5 years commencing April 30, 2007. The lease shall be automatically renewed for four additional five year terms unless TM notifies Oak Creek of its intention not to renew. Future annual lease payments are as follows:

First term (years 1-5)	\$	23,900
First renewal term (years 6-10)		28,680
Second renewal term (years 11-15)		34,416
Third renewal term (years 16-20)		41,299
Fourth renewal term (years 21-25)		49,559

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

G. LEASE DISCLOSURES (cont.)

Lessor – Operating Leases – Governmental Activities (cont.)

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

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

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:

2014	\$ 257,080
2015	225,810
2016	134,060
2017	110,582
2018	58,884
2019-2023	265,762
2024-2028	270,635

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, 2013 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 22,972,130
Other capital assets, net of accumulated depreciation	73,201,171
Less: Related long-term debt and premium outstanding (excluding non-capital debt)	(69,017,780)
Add: Unspent proceeds of capital-related debt included above	<u>43,998,832</u>
Total Net Investment in Capital Assets	<u>71,154,353</u>
Restricted	
Debt service	3,169,185
TID activity	2,258,778
Impact fee escrow	1,211,736
Park escrow	480,643
Storm Water	494,453
Donation and activity	459,188
Developer agreement	18,321
Asset forfeiture	47,468
Low income loans	<u>7,773</u>
Total Restricted	<u>8,147,545</u>
Unrestricted	<u>(9,780,767)</u>
Total Governmental Activities Net Position	<u>\$ 69,521,131</u>

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

Nonspendable Fund Balance

Major Funds	
General Fund	
Inventories	\$ 136,531
Delinquent personal property taxes	15,223
Non-current receivables from other funds	<u>1,230,159</u>
Total General Fund	<u>1,381,913</u>
Non-Major Funds	
WE Energies Fund	20
Economic Development Fund	9
Storm Water Fund	<u>39</u>
Total Non-Major Funds	<u>68</u>
Total Nonspendable Fund Balance	<u>\$ 1,381,981</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted Fund Balance

Major Funds

TIF No. 11 Capital Projects	\$ 22,140,050
Total Major Funds	<u>22,140,050</u>

Non-Major Funds

Special Revenue Funds

Donation and Activity	\$ 459,188
Low Income Loan	7,773
Park Escrow	480,643
Impact Fee Escrow	1,211,736
Asset Forfeiture	47,468
Storm Water	494,453

Debt Service Funds

Debt Amortization	2,613,688
TIF No. 5 Debt Service	20
TIF No. 6 Debt Service	952,118

Capital Projects Funds

Developer Agreement	18,321
Lakefront Development Capital Projects	10,075,048
TIF No. 7 Capital Projects	1,935,139
TIF No. 8 Capital Projects	8,744,444
TIF No. 9 Capital Projects	151,390
TIF No. 10 Capital Projects	<u>172,249</u>
Total Non-Major Funds	<u>27,363,678</u>

Total Restricted Fund Balance \$ 49,503,728

Committed Fund Balance

Non-Major Funds

Special Revenue Funds

Solid Waste	\$ 195,516
Special Assessment	1,465,688
Economic Development	<u>578,399</u>

Total Committed Fund Balance \$ 2,240,603

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

\$ 1,683,672

Total General Fund

1,683,672

Capital Improvement Fund

9,125,718

Total Assigned Fund Balance

\$ 10,809,390

Unassigned Fund Balance

Major Funds

General Fund

\$ 4,417,816

Emergency Medical Services Fund (deficit)

(628,795)

DPW Debt Service (deficit)

(114,833)

Total Major Funds

3,674,188

Non-Major Funds

Special Revenue Funds

WE Energies Fund (deficit)

(12,023)

Debt Service Funds

TIF No. 4 Debt Service (deficit)

(426,376)

Police Station Debt Service (deficit)

(8,520)

Total Non-major Funds

(446,919)

Total Unassigned Fund Balance

\$ 3,227,269

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	\$ 131,589
Construction in progress	357,740
Other capital assets, net of accumulated depreciation	106,677,373
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(21,491,720)</u>
Total Net Investment in Capital Assets	<u>85,674,982</u>
Restricted	
Debt service	<u>1,558,317</u>
Unrestricted	
	<u>17,193,755</u>
Total Business-type Activities Net Position	<u>\$ 104,427,054</u>

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be capitalized and amortized over the life of the debt. The details of this restatement are as follows:

	Business-type Activities	Water Utility
Net Position – December 31, 2012 (as reported)	\$ 103,194,707	\$ 62,487,997
Less: Unamortized debt issuance costs	<u>(82,114)</u>	<u>(82,114)</u>
Net Position – December 31, 2012 (as restated)	<u>\$ 103,112,593</u>	<u>\$ 62,405,883</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	6.65%	6.65%
Executives and Elected Officials	7.0%	7.0%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for city employees covered by the system for the year ended December 31, 2013 was \$17,960,945; the employer's total payroll was \$18,137,065. The total required contribution for the year ended December 31, 2013 was \$3,272,607 or 18.2% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended December 31, 2012 and 2011 were \$2,857,282 and \$2,933,197, 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, 2013 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, 2013

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 \$5,570,841 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. \$665,370 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

	Prior Year	Current Year
Unpaid claims – Beginning of Year	\$ 549,192	\$ 476,099
Current year claims and changes in estimates	4,915,306	4,381,469
Claim payments	(4,988,399)	(4,414,364)
Unpaid Claims – End of Year	\$ 476,099	\$ 443,204

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 \$175,000.

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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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 \$900,000.

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 2012.

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	\$ 4,598,867
Interest on net OPEB obligation	748,027
Adjustment to annual required contribution	<u>(1,174,369)</u>
Annual OPEB cost	4,172,525
Contributions made	<u>(1,878,000)</u>
Increase in net OPEB obligation (Liability)	2,294,525
Net OPEB Obligation (Liability) – Beginning of Year	<u>23,016,224</u>
Net OPEB Obligation (Liability) – End of Year	<u><u>\$ 25,310,749</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 4,172,525	45.0%	\$ 25,310,749
12/31/2012	4,094,778	48.2%	23,016,224
12/31/2011	8,414,671	21.8%	20,895,446

The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 57,307,289
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 57,307,289
Funded ratio (actuarial value of plan assets/AAL)	0 %
Covered payroll (active plan members)	\$ 17,194,475
UAAL as percentage of covered payroll	333.3%

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, 2013

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.25 percent investment rate of return and an annual healthcare cost trend rate of 14.10 percent initially and reduced by decrements to an ultimate rate of 4.70 percent after seventy-two years. Both rates include assumptions for annual rates of medical inflation. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, 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 2013, 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. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

G. SUBSEQUENT EVENTS

In May 2014, the City issued \$20.5 million of General Obligation Promissory Notes. The proceeds of these notes will be used to finance construction projects.

In May 2014, the Water Utility issued \$5,471,070 of Waterworks System Revenue Bonds. The proceeds of these bonds will be used to finance water main improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2013

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 13,325,340	\$ 13,321,163	\$ (4,177)
Motel room tax	400,000	400,000	-
Mobile home taxes	77,400	65,686	(11,714)
Other taxes	38,800	126,328	87,528
TOTALS	<u>13,841,540</u>	<u>13,913,177</u>	<u>71,637</u>
INTERGOVERNMENTAL REVENUES			
Shared taxes from state	2,975,250	2,976,341	1,091
State transportation aids	1,496,000	1,495,383	(617)
State computer aids	100,000	108,804	8,804
Other state aids	15,000	4,460	(10,540)
Health department block grant	-	4,641	4,641
Police grants	125,000	290,698	165,698
Development CDBG grants	25,000	39,832	14,832
TOTALS	<u>4,736,250</u>	<u>4,920,159</u>	<u>183,909</u>
REGULATION AND COMPLIANCE			
Licenses			
Liquor and beer	34,430	34,480	50
Publishing fees	700	830	130
Operators	15,000	18,942	3,942
Amusement devices	6,900	10,260	3,360
Amusement operators	2,600	1,200	(1,400)
Electrical	4,100	330	(3,770)
Miscellaneous - business	7,100	11,027	3,927
Miscellaneous - non-business	100	42	(58)
DATCP	16,400	14,917	(1,483)
FSRL	47,400	43,474	(3,926)
Landfill	900	300	(600)
Permits			
Building	228,700	191,311	(37,389)
Electrical	65,000	52,614	(12,386)
Plumbing	54,000	39,551	(14,449)
Street opening	12,800	9,367	(3,433)
Erosion control	8,100	33,666	25,566
Sundry	400	3,489	3,089
Cable TV	380,000	333,128	(46,872)
AT&T video service	100,000	135,862	35,862
Court fines	475,000	399,840	(75,160)
TOTALS	<u>1,459,630</u>	<u>1,334,630</u>	<u>(125,000)</u>
PUBLIC CHARGES FOR SERVICES			
General Government			
Property status letter fees	4,200	6,710	2,510
Photo copies sold	2,100	1,530	(570)
Zoning/housing appeal fees	800	750	(50)
Rezoning petitions and filing fees	1,200	-	(1,200)
Right of way vacation fees	100	575	475
Special use request fees	8,400	11,700	3,300
Filing fee - certified survey maps	4,400	5,275	875
Plan commission agenda fees	7,300	8,750	1,450

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, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC CHARGES FOR SERVICES (cont.)			
General Government (cont.)			
Subdivision plat fees	\$ 400	\$ 950	\$ 550
Maps sold	1,200	1,550	350
Public Safety			
State DWI seizures	2,000	3,016	1,016
Police patrol service fees	4,900	4,654	(246)
Miscellaneous fees	1,800	2,190	390
Copies of police and fire reports	2,500	3,495	995
False alarm penalties	7,300	6,750	(550)
Health and Sanitation			
Health Department			
Clinic fees	15,000	15,947	947
Pet license fees/Humane Society	14,000	16,508	2,508
Public Works			
Weed cutting	26,900	13,255	(13,645)
Sale of culvert pipe	11,400	9,970	(1,430)
Culvert installation	2,900	700	(2,200)
Library			
Other income	19,300	16,655	(2,645)
Photocopies	4,400	6,340	1,940
Recreation	164,715	154,768	(9,947)
Sanitarian			
Pre-inspection	300	15	(285)
Regular service fee	2,600	1,738	(862)
Miscellaneous charges for services	2,600	4,403	1,803
TOTALS	<u>312,715</u>	<u>298,194</u>	<u>(14,521)</u>
INVESTMENT INCOME			
Investment Income			
Investments	448,000	79,350	(368,650)
Taxes	92,600	63,247	(29,353)
TOTALS	<u>540,600</u>	<u>142,597</u>	<u>(398,003)</u>
MISCELLANEOUS INCOME			
Land rentals	200	-	(200)
AT&T American tower lease	24,000	24,000	-
Insurance incentives	71,900	75,278	3,378
Insurance recoveries	20,400	53,164	32,764
P-card rebates	10,000	11,036	1,036
Miscellaneous revenues	7,500	10,750	3,250
TOTALS	<u>134,000</u>	<u>174,228</u>	<u>40,228</u>
INTERFUND CHARGES FOR SERVICES			
Engineering and administration charged to capital projects	117,500	78,380	(39,120)
Engineering and administration charged to TID projects	185,000	185,000	-
Highway equipment service fee	25,500	1,377	(24,123)
Administrative services charged to enterprise funds	47,250	47,250	-
TOTALS	<u>375,250</u>	<u>312,007</u>	<u>(63,243)</u>
TOTAL REVENUES	<u>\$ 21,399,985</u>	<u>\$ 21,094,992</u>	<u>\$ (304,993)</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, 2013

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
General government	\$ 2,950,340	\$ 2,928,220	\$ 22,120
Building maintenance	589,610	536,095	53,515
City administrator	255,975	245,320	10,655
Data processing	714,090	705,328	8,762
City clerk	280,245	273,347	6,898
Treasurer	220,165	195,587	24,578
Finance	334,600	287,143	47,457
Assessor	235,935	237,815	(1,880)
Attorney and legal	247,820	213,066	34,754
Community development	310,865	282,364	28,501
TOTALS	<u>6,139,645</u>	<u>5,904,285</u>	<u>235,360</u>
PUBLIC SAFETY			
Police department	8,804,260	8,638,653	165,607
Emergency operations	31,200	14,885	16,315
Fire department	1,451,120	1,481,508	(30,388)
Inspection	629,420	527,851	101,569
Other	179,885	173,038	6,847
TOTALS	<u>11,095,885</u>	<u>10,835,935</u>	<u>259,950</u>
HEALTH AND SOCIAL SERVICES			
Health department	649,070	559,035	90,035
TOTALS	<u>649,070</u>	<u>559,035</u>	<u>90,035</u>
PUBLIC WORKS			
Engineering	832,780	752,003	80,777
Streets	2,847,900	2,832,053	15,847
TOTALS	<u>3,680,680</u>	<u>3,584,056</u>	<u>96,624</u>
LEISURE ACTIVITIES			
Conservation and recreation	754,785	691,020	63,765
Library	892,645	804,516	88,129
Parks	494,875	422,066	72,809
TOTALS	<u>2,142,305</u>	<u>1,917,602</u>	<u>224,703</u>
TOTAL EXPENDITURES	<u>23,707,585</u>	<u>22,800,913</u>	<u>906,672</u>
OTHER FINANCING SOURCES (USES)			
Sale of city equipment	12,600	64,690	52,090
Transfer in	470,000	-	(470,000)
Transfer in - tax equivalent	1,625,000	1,683,672	58,672
Transfer out	-	(100,787)	(100,787)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,107,600</u>	<u>1,647,575</u>	<u>(460,025)</u>
Net Change in Fund Balance	(200,000)	(58,346)	141,654
FUND BALANCE - Beginning of Year	<u>7,541,747</u>	<u>7,541,747</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,341,747</u>	<u>\$ 7,483,401</u>	<u>\$ 141,654</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, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 3,551,590	\$ 3,551,590	\$ -
Intergovernmental	133,000	129,874	(3,126)
Public charges for services	1,065,000	1,123,497	58,497
Investment income	1,000	-	(1,000)
Miscellaneous	100	-	(100)
Total Revenues	<u>4,750,690</u>	<u>4,804,961</u>	<u>54,271</u>
EXPENDITURES			
Public Safety	<u>4,903,515</u>	<u>5,072,014</u>	<u>(168,499)</u>
Total Expenditures	<u>4,903,515</u>	<u>5,072,014</u>	<u>(168,499)</u>
Excess (deficiency) of revenues over expenditures	(152,825)	(267,053)	(114,228)
FUND BALANCE (Deficit) - Beginning of year	<u>(361,742)</u>	<u>(361,742)</u>	<u>-</u>
FUND BALANCE (Deficit) - ENDING OF YEAR	<u>\$ (514,567)</u>	<u>\$ (628,795)</u>	<u>\$ (114,228)</u>

CITY OF OAK CREEK

OTHER POST EMPLOYMENT BENEFITS PLAN - HEALTH CARE

SCHEDULE OF FUNDED STATUS

December 31, 2013

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)
1/1/12	\$	- \$ 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%
12/31/08		- 65,760,686	65,760,686	0%	16,221,363	405.4%

CITY OF OAK CREEK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2013

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

FUNDING PROGRESS DATA

The data presented in the Schedule of Funded Status was taken from the 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 4% to 3.25% and the elimination of post-65 insurance for employees active on January 1, 2012 or later.

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SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2013

	Special Revenue Funds										
	Solid Waste Fund	Donation and Activity Fund	WE Energies Fund	Low Income Loan Fund	Park Escrow Fund	Special Assessment Fund	Economic Development Fund	Future Improvement Fund	Impact Fee Escrow Fund	Asset Forfeiture Fund	Storm Water Fund
ASSETS											
Cash and investments	\$ 297,569	\$ 452,981	\$ 18,599	\$ 10,128	\$ 480,643	\$ 1,489,078	\$ 270,600	\$ 540,347	\$ -	\$ -	\$ 505,500
Taxes receivable	1,212,185	-	-	-	-	250,422	-	-	-	-	755,113
Accounts receivable	-	9,887	1,308	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	20	-	-	-	9	-	-	-	39
Special assessments receivable	-	-	-	-	-	1,024,845	-	-	-	-	-
Loans receivable	-	-	-	6,704	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	314,900	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	1,211,736	47,468	-
TOTAL ASSETS	\$ 1,509,754	\$ 462,868	\$ 19,927	\$ 16,832	\$ 480,643	\$ 2,764,345	\$ 585,509	\$ 540,347	\$ 1,211,736	\$ 47,468	\$ 1,260,652
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities											
Accounts payable	\$ 100,436	\$ 3,680	\$ 17,724	\$ 2,556	\$ -	\$ -	\$ 6,300	\$ -	\$ -	\$ -	\$ 3,086
Accrued liabilities	617	-	14,206	-	-	-	801	-	-	-	7,961
Deposits	-	-	-	-	-	-	-	540,347	-	-	-
Due to other funds	-	-	-	-	-	261,442	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	101,053	3,680	31,930	2,556	-	261,442	7,101	540,347	-	-	11,047
Deferred Inflows of Resources											
Unearned revenues	1,212,185	-	-	-	-	-	-	-	-	-	755,113
Unavailable revenues	-	-	-	6,503	-	1,037,215	-	-	-	-	-
Total Deferred inflows of Resources	1,212,185	-	-	6,503	-	1,037,215	-	-	-	-	755,113
Fund Balances (Deficit)											
Nonspendable	-	-	20	-	-	-	9	-	-	-	39
Restricted	-	459,188	-	7,773	480,643	-	-	-	1,211,736	47,468	494,453
Committed	196,516	-	-	-	-	1,465,688	578,399	-	-	-	-
Unassigned (Deficit)	-	-	(12,023)	-	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	196,516	459,188	(12,003)	7,773	480,643	1,465,688	578,408	-	1,211,736	47,468	494,492
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,509,754	\$ 462,868	\$ 19,927	\$ 16,832	\$ 480,643	\$ 2,764,345	\$ 585,509	\$ 540,347	\$ 1,211,736	\$ 47,468	\$ 1,260,652

CITY OF OAK CREEK

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2013

	Debt Service Funds					Capital Projects Funds						Total Nonmajor Governmental Funds
	Debt Amortization Fund	TIF No. 4 Debt Service Fund	TIF No. 5 Debt Service Fund	TIF No. 6 Debt Service Fund	Police Station Debt Service Fund	Developer Agreement Fund	Lakefront	TIF No. 7 Capital Projects Fund	TIF No. 8 Capital Projects Fund	TIF No. 9 Capital Projects Fund	TIF No. 10 Capital Projects Fund	
							Development Capital Projects Fund					
ASSETS												
Cash and investments	\$ 774,687	\$ -	\$ 20	\$ 952,118	\$ -	\$ -	\$ 10,075,048	\$ 2,250,039	\$ 8,751,959	\$ 151,390	\$ 172,249	\$ 27,192,955
Taxes receivable	-	560,178	-	451,308	850,000	-	-	69,261	68,462	25,410	427,227	4,669,566
Accounts receivable	582,971	-	-	-	-	21,079	-	-	-	-	-	615,245
Notes receivable	1,839,001	-	-	-	-	-	-	-	-	-	-	1,839,001
Interest receivable	182,213	-	-	-	-	-	-	-	-	-	-	182,213
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	68
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	1,024,845
Loans receivable	-	-	-	-	-	-	-	-	-	-	-	6,704
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	314,900
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	-	1,259,204
TOTAL ASSETS	\$ 3,378,872	\$ 560,178	\$ 20	\$ 1,403,426	\$ 850,000	\$ 21,079	\$ 10,075,048	\$ 2,319,300	\$ 8,820,421	\$ 176,800	\$ 599,476	\$ 37,104,701
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,515	\$ -	\$ -	\$ 141,297
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	23,585
Deposits	-	-	-	-	-	-	-	-	-	-	-	540,347
Due to other funds	-	426,376	-	-	8,520	2,758	-	314,900	-	-	-	1,013,996
Unearned revenues	182,213	-	-	-	-	-	-	-	-	-	-	182,213
Total Liabilities	182,213	426,376	-	-	8,520	2,758	-	314,900	7,515	-	-	1,901,438
Deferred Inflows of Resources												
Unearned revenues	-	560,178	-	451,308	850,000	-	-	69,261	68,462	25,410	427,227	4,419,144
Unavailable revenues	582,971	-	-	-	-	-	-	-	-	-	-	1,626,689
Total Deferred inflows of Resources	582,971	560,178	-	451,308	850,000	-	-	69,261	68,462	25,410	427,227	6,045,833
Fund Balances (Deficit)												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	68
Restricted	2,613,688	-	20	952,118	-	18,321	10,075,048	1,935,139	8,744,444	151,390	172,249	27,363,678
Committed	-	-	-	-	-	-	-	-	-	-	-	2,240,603
Unassigned (Deficit)	-	(426,376)	-	-	(8,520)	-	-	-	-	-	-	(446,919)
Total Fund Balances (Deficit)	2,613,688	(426,376)	20	952,118	(8,520)	18,321	10,075,048	1,935,139	8,744,444	151,390	172,249	29,157,430
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,378,872	\$ 560,178	\$ 20	\$ 1,403,426	\$ 850,000	\$ 21,079	\$ 10,075,048	\$ 2,319,300	\$ 8,820,421	\$ 176,800	\$ 599,476	\$ 37,104,701

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Special Revenue Funds										
	Solid Waste Fund	Donation and Activity Fund	WE Energies Fund	Low Income Loan Fund	Park Escrow Fund	Special Assessment Fund	Economic Development Fund	Future Improvement Fund	Impact Fee Escrow Fund	Asset Forfeiture Fund	Storm Water Fund
REVENUES											
Taxes	\$ 1,362,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,940	\$ -	\$ -	\$ -	\$ -
Intergovernmental	94,478	153,292	-	-	-	-	-	-	-	-	-
Public charges for service	7,765	-	-	-	1,350	-	-	-	154,105	-	706,302
Special assessments / developer contributions	-	-	-	-	-	223,023	-	-	-	-	-
Investment income	-	-	1,466	2,556	719	85,932	248	-	1,940	49	658
Miscellaneous	33,456	160,127	2,250,000	-	-	-	4,500	-	-	25,058	-
Total Revenues	1,497,884	313,419	2,251,466	2,556	2,069	308,955	226,688	-	156,045	25,107	706,960
EXPENDITURES											
Current											
Public safety	-	40,749	1,148,679	-	-	-	-	-	-	13,096	-
Public works	1,459,416	-	-	-	-	-	-	-	-	-	547,022
Health and human services	-	88,811	-	-	-	-	-	-	-	-	-
Leisure activities	-	141,045	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	2,556	-	-	231,140	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Debt Service											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,459,416	270,605	1,148,679	2,556	-	-	231,140	-	-	13,096	547,022
Excess (deficiency) of revenues over expenditures	38,468	42,814	1,102,787	-	2,069	308,955	(4,452)	-	156,045	12,011	159,938
OTHER FINANCING SOURCES (USES)											
General obligation debt issued	-	-	-	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	88,150	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(2,079,230)	-	-	(175,000)	-	-	(320,681)	-	(100,000)
Total Other Financing Sources (Uses)	-	88,150	(2,079,230)	-	-	(175,000)	-	-	(320,681)	-	(100,000)
Net change in fund balances	38,468	130,964	(976,443)	-	2,069	133,955	(4,452)	-	(164,636)	12,011	59,938
FUND BALANCES (DEFICIT) - Beginning of Year	158,048	328,224	964,440	7,773	478,574	1,331,733	582,860	-	1,376,372	35,457	434,554
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 196,516	\$ 459,188	\$ (12,003)	\$ 7,773	\$ 480,643	\$ 1,465,688	\$ 578,408	\$ -	\$ 1,211,736	\$ 47,468	\$ 494,492

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Cont.)
For the Year Ended December 31, 2013

	Debt Service Funds					Capital Projects Funds						Total Nonmajor Governmental Funds
	Debt Amortization Fund	TIF No. 4 Debt Service Fund	TIF No. 5 Debt Service Fund	TIF No. 6 Debt Service Fund	Police Station Debt Service Fund	Developer Agreements Fund	Lakefront Development Capital Projects Fund	TIF No. 7 Capital Projects Fund	TIF No. 8 Capital Projects Fund	TIF No. 9 Capital Projects Fund	TIF No. 10 Capital Projects Fund	
REVENUES												
Taxes	\$ -	\$ 438,102	\$ 115,339	\$ 585,977	\$ 850,000	\$ -	\$ -	\$ 363,870	\$ 88,916	\$ 88,455	\$ 647,703	\$ 4,762,487
Intergovernmental	3,148,591	3,027	1,722	4,931	-	-	-	26,654	7,251	1,355	11,466	3,452,767
Public charges for service	-	-	-	-	-	-	-	-	-	-	-	869,522
Special assessments / developer contributions	-	73,970	-	-	-	2,060	-	-	-	-	-	299,053
Investment income	927	46	83	144	-	-	48	3,465	1,946	115	-	100,342
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	2,473,141
Total Revenues	3,149,518	515,145	117,144	591,052	850,000	2,060	48	393,989	98,113	89,925	659,169	11,957,312
EXPENDITURES												
Current												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	1,202,524
Public works	-	-	-	-	-	-	-	-	-	-	-	2,006,438
Health and human services	-	-	-	-	-	-	-	-	-	-	-	88,811
Leisure activities	-	-	-	-	-	-	-	-	-	-	-	141,045
Conservation and development	-	210,000	436,905	-	-	-	-	-	30,000	-	335,609	1,246,210
Capital Outlay	-	-	-	-	-	760	-	424,881	1,790,808	-	-	2,216,449
Debt Service												
Principal	-	360,000	-	125,000	825,000	-	-	-	-	-	-	1,310,000
Interest	-	150	5,150	25,337	60,087	-	-	138,150	150	150	150	229,324
Total Expenditures	-	570,150	442,055	150,337	885,087	760	-	563,031	1,820,958	150	335,759	8,440,801
Excess (deficiency) of revenues over expenditures	3,149,518	(55,005)	(324,911)	440,715	(35,087)	1,300	48	(169,042)	(1,722,845)	89,775	323,410	3,516,511
OTHER FINANCING SOURCES (USES)												
General obligation debt issued	-	-	-	-	-	-	10,000,000	-	10,525,000	-	-	20,525,000
Premium on debt	-	-	-	-	-	-	75,000	-	-	-	-	75,000
Transfers in	12,637	-	-	-	135,500	-	-	-	-	-	-	236,287
Transfers out	(2,617,186)	-	-	-	-	-	-	-	-	-	-	(5,292,099)
Total Other Financing Sources (Uses)	(2,604,551)	-	-	-	135,500	-	10,075,000	-	10,525,000	-	-	15,544,188
Net change in fund balances	544,967	(55,005)	(324,911)	440,715	100,413	1,300	10,075,048	(169,042)	8,802,155	89,775	323,410	19,060,699
FUND BALANCES (DEFICIT) - Beginning of Year	2,068,721	(371,371)	324,931	511,403	(108,933)	17,021	-	2,104,181	(57,711)	61,615	(151,161)	10,096,731
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 2,613,688	\$ (426,376)	\$ 20	\$ 952,118	\$ (8,520)	\$ 18,321	\$ 10,075,048	\$ 1,935,139	\$ 8,744,444	\$ 151,390	\$ 172,249	\$ 29,157,430