

OFFICIAL STATEMENT

NEW ISSUE (BOOK ENTRY ONLY)

INVESTMENT RATING: "MIG 1"
MOODY'S INVESTORS SERVICE, INC.

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

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

\$10,525,000 Taxable General Obligation Promissory Notes

Dated: October 15, 2013

Due: October 1, 2015

The Taxable General Obligation Promissory Notes (the "Notes") are being issued pursuant to Section 67 12(12) of the Wisconsin Statutes. The Notes will be general obligations of the City of Oak Creek, Milwaukee County, Wisconsin (the "City") for which its full faith, credit and resources are pledged. The Notes are being issued for public purposes, including paying project costs listed in the Project Plan for Tax Incremental District No. 8 ("TID No. 8") (the "Project").

The Notes will mature October 1, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>	<u>CUSIP No.¹</u>
2015	\$10,525,000	1.625%	0.75%	671137SW8

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

Principal of the Notes, payable at maturity, and interest, payable each April 1 and October 1 commencing April 1, 2014, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein.

At the option of the City, the Notes are subject to redemption prior to maturity in whole or in part, by lot, on April 1, 2015 or on any date thereafter at par plus accrued interest to the date of redemption.

The Notes are offered when, as and if issued, subject to the receipt of the approving opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. The Notes will be available for delivery on or about October 15, 2013, through the facilities of DTC in New York, New York.

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

October 1, 2013

HutchinsonShockeyErley&Co

¹ See "CUSIP INFORMATION" herein

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

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

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

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

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

Stephen Scaffidi, Mayor
(Term Expires April, 2015)

COMMON COUNCIL

<u>Name</u>	<u>Aldermanic District</u>	<u>Term Expires</u>
Steven Kurkowski	First	April, 2015
Daniel Bukiewicz	Second	April, 2014
Jim Ruetz	Third	April, 2015
Michael E. Toman	Fourth	April, 2014
Kenneth Gehl (President)	Fifth	April, 2015
Thomas Michalski	Sixth	April, 2014

CITY ADMINISTRATION

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

BOND COUNSEL

Quarles & Brady LLP
Milwaukee, Wisconsin

UNDERWRITER

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

REGISTRAR AND FISCAL AGENT

Officers of the City
Oak Creek, Wisconsin *

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

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SUMMARY

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

Issuer	City of Oak Creek, Milwaukee County, Wisconsin		
Issue	\$10,525,000 Taxable General Obligation Promissory Notes		
Dated Date	October 15, 2013		
Principal Due	October 1, 2015		
Interest Payment Date	Commencing April 1, 2014 and each April 1 and October 1 thereafter Interest shall be computed on the basis of a 360-day year of twelve 30-day months.		
Redemption Provision	At the option of the City, the Notes shall be subject to redemption prior to maturity in whole or in part, by lot, on April 1, 2015 or on any date thereafter at par plus accrued interest to the date of redemption.		
Purpose	The Notes will be issued for public purposes including paying the cost of the Project.		
Security	The City pledges its full faith, credit and resources and there will be levied on all the taxable property in the City a direct, annual, irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes.		
Authority	The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes and a resolution adopted by the Common Council on October 1, 2013.		
Tax Status	Interest on the Notes is included in gross income for federal income tax purposes. (See "LEGAL MATTERS – Tax Status" herein.)		
Credit Rating	The Notes have been rated "MIG 1" by Moody's Investors Service, Inc.		
Underwriter	Hutchinson, Shockey, Erley & Co.		
Registrar and Fiscal Agent	Officers of the City		
Record Date	The 15 th day of the month preceding an interest payment date.		
Delivery Date and Place	On or about October 15, 2013 through the facilities of DTC in New York, New York.		
Denominations	The Notes will be issued in denominations of \$5,000 each and integral multiples thereof.		
Bond Years	20,640.69	Average Life	1.961 years
Continuing Disclosure	The City will covenant to provide annual reports, as required, and timely notice of certain events as set forth in the Continuing Disclosure Certificate for the Notes. (See Appendix C herein.)		

OFFICIAL STATEMENT
CITY OF OAK CREEK
MILWAUKEE COUNTY, WISCONSIN
\$10,525,000 Taxable General Obligation Promissory Notes

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information in connection with the issuance of \$10,525,000 Taxable General Obligation Promissory Notes dated October 15, 2013 of the City of Oak Creek, Wisconsin.

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

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

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

Information, including the City's prior years' financial statements, is available upon request and upon payment to the City of a charge for any copying, mailing and handling if required, from Catherine Roeske, City Clerk, City of Oak Creek, 8640 S. Howell Avenue Oak Creek, Wisconsin, 53154, telephone (414) 768-6510, croeske@oakcreekwi.org; or from Hutchinson, Shockey, Erley & Co., Inc. at (414) 298-9898.

THE NOTES

Purpose

The Notes are being issued for public purposes, including paying project costs listed in the Project Plan for TID No. 8.

Authority for Issuance

The Notes are being issued pursuant to Section 67 12(12), Wisconsin Statutes, and a Resolution Authorizing the Issuance and Sale of \$10,525,000 Taxable General Obligation Promissory Notes (the "Resolution") adopted by the Common Council on October 1, 2013.

Description

The Notes are dated October 15, 2013 and will bear interest from their dated date to the respective maturity. Principal of the Notes will be payable at maturity on October 1, 2015. Interest will be payable each April 1 and October 1, commencing April 1, 2014.

Sources and Applications of Funds

<u>Sources of Funds</u>	
Par Amount of Notes	<u>\$ 10,525,000</u>
TOTAL	<u>\$ 10,525,000</u>
<u>Applications of Funds</u>	
Project Cost	<u>\$ 10,525,000</u>
TOTAL	<u>\$ 10,525,000</u>

Sources of Payment for the Notes

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

Security for the Notes

As security for the Notes, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrepealable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The tax will be levied under the Resolution for collection in each of the years 2014 through 2015.

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

Redemption Provisions

At the option of the City, the Notes shall be subject to redemption prior to maturity on April 1, 2015 or on any date thereafter. Said Notes shall be redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Notes are to be redeemed, selection of the Notes to be so redeemed shall be by lot conducted by DTC in accordance with its rules and practices (see "BOOK-ENTRY-ONLY SYSTEM" herein).

Notice of Redemption

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

THE RESOLUTION

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a cus-

todial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+ The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

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

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

Registrar and Fiscal Agent

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

CUSIP INFORMATION

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

THE CITY

Introduction

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

The City's preliminary 2013 population estimate is 34,695. The City has 247 full-time and approximately 100 part-time employees.

Transportation

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

Common Council

The legislative body of the City is the Common Council, which consists of six alderpersons elected by district for overlapping two-year terms. The Mayor is elected separately for a three-year term, which expires in April 2015.

Administrative Organization

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

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

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

Services

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

Public Safety

The City's police department has 58 police officers, 19 full-time and 12 part-time employees. The fire department has 52 firefighters of which 31 are paramedics. All firefighters are required to be EMTs. In addition, the department has one full-time employee and one part-time employee.

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

Employee Relations and Collective Bargaining

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

<u>Union/Association</u>	<u>Contract Expires</u>	<u>Number of Members</u>
Oak Creek Professional Police Officers' Association	12/31/14	45
International Association of Firefighters, Local 1848 AFL-CIO	12/31/14	45

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

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

Certain legal challenges have been brought with respect to the Act. On May 26, 2011, the Dane County Circuit Court (the "Circuit Court") issued a decision which voided the legislative action taken with respect to the Act due to violations of the State's Open Meetings Law. However, on June 14, 2011, the Supreme Court of Wisconsin overturned the Circuit Court's decision by vacating and declaring all orders and judgments of the Circuit Court with respect to the Act to be void. As a result, the Act took effect on June 29, 2011, the day after it was published in accordance with State statutes. On September 14, 2012, the Circuit Court issued a decision which declared that certain portions of the Act violated State Constitutional rights to freedom of speech and association and equal protection, including portions of the Act that prohibit collectively bargaining with municipal employees with respect to any factor or condition of employment except total base wages. On September 18, 2012, the State Attorney General filed an appeal to the Circuit Court's decision and requested a stay on the enforcement of the decision until such an appeal is decided. On October 22, 2012, the Circuit Court denied the motion for a stay until the appeal is decided. As a consequence, until the appeal is decided, local governments and school districts may be prohibited from following the portions of the Act that have been found unconstitutional. The outcome of these legal proceedings cannot be predicted at this time.

As a result of the amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety employees and transit employees, with respect to any factor or condition of employment except total base wages. The City or employee union has the option to pursue mediation and grievance arbitration. Voluntary impasse resolution procedures are prohibited for municipal employees, other than public safety employees and transit employees, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

Demographic Information

Population

The population trends for the City, County and State are shown in the table below.

	Estimated <u>2013</u> *	Estimated <u>2012</u>	Estimated <u>2011</u>	Census <u>2010</u>	Estimated <u>2009</u>
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	5,716,000	5,703,525	5,694,236	5,686,986	5,688,040

* 2013 populations are preliminary estimates

Source: Wisconsin Department of Administration, Demographic Service Center

Median Age

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

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

Source: U.S. Census Bureau, 2010 Census

Income

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

<u>Year</u>	<u>City of Oak Creek</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>
2011	\$ 52,780	\$ 42,830	\$ 47,640
2010	51,858	41,932	46,958
2009	51,078	41,704	45,372
2008	52,461	43,557	47,046
2007	52,138	43,390	48,985

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

Economic Information

Building Permit Activity

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

<u>Year</u>	<u>Total New Construction Building Permits</u>		<u>Total Residential ¹ Building Permits</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2013 (As of 8/31/13)	16	\$ 3,754,000	13	\$ 3,418,500
2012	40	10,418,725	34	6,767,555
2011	58	15,176,978	50	10,102,378
2010	52	17,559,538	43	8,758,538
2009	40	21,430,111	31	6,462,675
2008	79	42,233,558	69	14,364,258

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

Source: City of Oak Creek

Employment

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

	<u>July 2013</u>	<u>2012 Average</u>	<u>2011 Average</u>	<u>2010 Average</u>	<u>2009 Average</u>	<u>2008 Average</u>
City of Oak Creek	6.7%	6.2%	6.6%	7.4%	7.7%	4.2%
Milwaukee County	8.7	8.4	9.0	9.9	9.6	5.6
State of Wisconsin	6.8	6.9	7.5	8.5	8.7	4.8

Average Annual Employment

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
ALL INDUSTRIES	469,191	468,725	465,103	471,426	496,056
Natural Resources & Mining	96	90	85	87	102
Construction	8,889	9,546	10,594	12,330	14,012
Manufacturing	53,646	53,202	52,141	53,387	59,846
Trade, Transportation, Utilities	77,634	78,597	78,609	79,690	85,179
Information	*	*	*	*	11,751
Financial Activities	32,855	33,812	34,686	36,117	37,219
Professional & Business Services	74,539	73,065	69,880	69,036	77,152
Education & Health Services	125,546	126,238	127,239	128,317	128,076
Leisure & Hospitality	46,040	44,420	43,556	43,760	44,506
Other Services	18,986	18,468	16,719	15,975	15,996
Public Administration	21,446	21,457	21,965	22,037	22,210
Unclassified	*	*	*	*	7

* Data suppressed.

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

Major Employers

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

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
UPS	Parcel delivery	1,121
Oak Creek-Franklin School District	Education	660
Wisconsin Electric Power Co.	Electrical power generation	543
PPG Industries, Inc.	Coating and resin products	440
City of Oak Creek	Municipal government	247 Full-time 100 Part-time
Joseph Campione Inc.	Food products	150 +150 Contract employees
Milwaukee Area Technical College	Education	297
Caterpillar Global Mining	Corporate headquarters	290
Superior Die Set Corp.	Custom manufacturing	100-249 ¹
Master Lock	Security systems; locks	225
Woodman's Market	Retail grocery store	215
Target	Retail department store	180
Eder Flag	Flags	146 + 7 contract employees
Kohl's	Retail department store	140
Farm & Fleet	Specialty discount retailer	128

¹ Per Wisconsin Dept. of Workforce Development

Source: Independent employer inquiries, February 2013.

Tax Levies and Collections

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

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

City tax levies (within the Milwaukee Metropolitan Sewerage District) for the past five calendar years were as follows:

Year of Levy/Collection	City Tax Levies	Annual City Levy Rate per \$1,000 of Assessed Value
2012/13	\$ 19,087,115	\$ 6.46
2011/12	18,909,370	6.31
2010/11	18,819,420	5.78
2009/10	18,861,420	5.79
2008/09	18,654,380	5.79

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

Mill Rates

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

	2013	2012	2011	2010	2009
City	\$ 6.46	\$ 6.31	\$ 5.78	\$ 5.79	\$ 5.79
State	0.16	0.17	0.16	0.17	0.17
County	5.90	5.93	5.18	5.15	5.14
Technical College District	2.03	1.98	1.80	1.90	1.89
Oak Creek-Franklin School District	9.06	8.96	8.39	8.59	8.22
Milwaukee Metro. Sewerage District	1.57	1.54	1.35	1.32	1.33
(Less: State & County Credits)	<u>(2.49)</u>	<u>(2.61)</u>	<u>(2.37)</u>	<u>(2.35)</u>	<u>(2.35)</u>
Net Tax Rate	22.69	\$ 22.28	\$ 20.29	\$ 20.57	\$ 20.19
Ratio of Assessed to Equalized Value	104.05%	98.51%	106.34%	100.56%	98.17%

Largest Taxpayers for Fiscal Year 2012

The table below shows the City's ten largest taxpayers for 2012

Name	Product/Business	2012 Assessed Valuation	Net Taxes Paid
Springbrook Develop. LLC	Apartments	\$ 51,597,400	\$ 1,169,950
Occidental Develop. LLC	Apartments	44,077,800	999,759
Woodman's Food Market, Inc.	Grocery store	25,666,900	582,215
Tri-City National Bank of Oak Creek	Banking institution	21,848,700	495,222
Aldi, Inc.	Grocery warehouse/distribution center	20,850,700	472,893
Centennial, LLC	Apartments/ Residential	19,619,500	444,775
Bucyrus/Caterpillar Global Mining	Corporate headquarters	18,385,000	417,019
Centerpoint Properties Trust	Real estate	17,525,800	397,402
Country Oaks Apts.	Apartments	16,606,100	376,040
Menards, Inc.	Retail home improvement store	16,416,700	372,366
TOTAL		<u>\$ 252,594,600</u>	<u>\$ 5,727,641</u>

Source: City of Oak Creek

Equalized Valuation

The City has experienced a (11.28)% change in equalized value (TID In) over the past five years. The trend of equalized values is outlined in the table below.

	Equalized Value TID In	% Change	Equalized Value TID Out	% Change
2013	\$ 2,921,983,900	(0.37)%	\$ 2,859,016,300	(0.69)%
2012	2,932,766,600	(5.06)	2,839,455,600	(7.08)
2011	3,088,952,200	(0.79)	3,055,899,200	0.00
2010	3,113,583,000	(5.46)	3,055,914,800	(5.76)
2009	3,293,533,700	(2.58)	3,242,787,000	(3.05)

The equalized value by class of property for 2013 is as follows:

Real Estate:	
Residential	\$ 1,766,689,300
Commercial	878,040,300
Manufacturing	143,725,300
Agriculture	394,400
Undeveloped	238,600
Ag Forest	280,800
Other	<u>7,720,000</u>
Total Real Estate	2,797,088,700
Total Personal Property	<u>124,895,200</u>
Total	<u>\$ 2,921,983,900</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Real Estate					
Residential	60.46%	59.77%	60.17%	61.16%	60.84%
Commercial	30.05	31.45	30.30	30.32	30.86
Manufacturing	4.92	5.19	4.52	4.57	3.93
Agriculture	0.01	0.01	0.01	0.01	0.01
Undeveloped	0.01	0.01	0.01	0.01	0.01
Ag Forest	0.01	0.01	0.02	0.00	0.00
Other	0.26	0.27	0.26	0.26	0.27
Personal Property	<u>4.27</u>	<u>3.28</u>	<u>4.71</u>	<u>3.66</u>	<u>4.08</u>
	100.00%	100.00%	100.00%	100.00%	100.00%

CITY DEBT STRUCTURE

Total Outstanding General Obligation Debt Summary (As of October 15, 2013)

Type of Obligation	Date of Issue	Original Amount	Maturity Dates	Current Amount Outstanding
G.O. Refunding Bonds (CABS)	12/04/02	\$ 3,250,000	9/01/15	\$ 720,000
G.O. Refunding Bonds	10/15/06	1,200,000	10/01/16	450,000
G.O. Refunding Bonds	4/01/10	7,000,000	4/01/30	6,350,000
G.O. Refunding Bonds	2/21/12	4,530,000	3/01/17	3,705,000
G.O. Prom. Notes, Series 2012B	5/01/12	4,600,000	5/01/15	4,600,000
G.O. Refunding Bonds	4/02/13	5,825,000	4/01/32	5,825,000
Taxable G.O. Promissory Notes	4/02/13	3,000,000	4/01/23	3,000,000
Taxable G.O. Promissory Notes	10/15/13	10,525,000	10/01/15	<u>10,525,000</u> ¹
			Outstanding General Obligation Debt	35,175,000
			Less: Remaining 2013 Principal Payments	-
			Net Outstanding General Obligation Debt	<u>\$ 35,175,000</u>

¹ New Issue.

General Obligation Debt Service Schedules

	\$2,184,986.85 G. O. Ref Bonds (CABS) - 12/04/02 ^{1,2}		\$1,200,000 G. O. Ref. Bonds - 10/15/06		\$7,000,000 G. O. Ref Bonds - 04/01/10	
	Principal 09/01	Interest	Principal 10/01	Interest	Principal 04/01	Interest
2013	\$ 360,000		\$ 125,000	\$ 25,187	\$ 275,000	\$ 242,188
2014	360,000		150,000	19,875	275,000	236,859
2015	360,000		150,000	13,500	275,000	231,531
2016			150,000	6,750	275,000	225,344
2017					300,000	217,406
2018					300,000	208,031
2019					325,000	196,656
2020					325,000	183,656
2021					350,000	170,156
2022					350,000	156,157
2023					375,000	141,656
2024					400,000	126,156
2025					400,000	110,156
2026					425,000	93,657
2027					450,000	75,594
2028					475,000	55,641
2029					500,000	34,312
2030					<u>550,000</u>	<u>11,688</u>
	<u>1,080,000</u>	<u>-</u>	<u>575,000</u>	<u>65,312</u>	<u>6,625,000</u>	<u>2,716,844</u>
Less 2013 Payments	<u>360,000</u>	<u>-</u>	<u>125,000</u>	<u>25,187</u>	<u>275,000</u>	<u>242,188</u>
	<u>\$ 720,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 40,125</u>	<u>\$ 6,350,000</u>	<u>\$ 2,474,656</u>

¹ Par amount issued.

² Supported with tax increment revenues from TID No 4

General Obligation Debt Service Schedules continued

	\$4,530,000 G. O. Ref Bonds - 2/21/12		\$4,600,000 G. O. Notes, Ser 2012B - 5/01/12		\$5,825,000 G. O. Ref Bonds - 5/02/13	
	Principal 03/01	Interest	Principal 05/01	Interest	Principal 04/01	Interest
2013	\$ 825,000	\$ 60,087		\$ 138,000		
2014	875,000	51,588		92,000	\$ 125,000	\$ 298,569
2015	925,000	40,275	\$ 4,600,000	46,000	225,000	195,500
2016	950,000	25,025			250,000	190,750
2017	955,000	8,356			250,000	185,750
2018					250,000	178,250
2019					250,000	168,250
2020					275,000	159,125
2021					275,000	149,500
2022					300,000	138,000
2023					300,000	126,000
2024					325,000	113,500
2025					325,000	100,500
2026					350,000	87,000
2027					350,000	74,094
2028					375,000	61,859
2029					375,000	49,203
2030					400,000	35,875
2031					400,000	21,875
2032					425,000	7,438
	<u>4,530,000</u>	<u>185,331</u>	<u>4,600,000</u>	<u>276,000</u>	<u>5,825,000</u>	<u>2,341,038</u>
Less 2013 Payments	<u>825,000</u>	<u>60,087</u>	<u>-</u>	<u>138,000</u>	<u>-</u>	<u>-</u>
	\$ 3,705,000	\$ 125,244	\$ 4,600,000	\$ 138,000	\$ 5,825,000	\$ 2,341,038

	\$3,000,000 Taxable G. O. Notes - 04/02/13		\$10,525,000 Taxable G. O. Notes - 10/15/13 ¹	
	Principal 04/01	Interest	Principal 10/01	Interest
2013				
2014	\$ 250,000	\$ 85,308		\$ 164,380
2015	275,000	53,938	\$ 10,525,000	171,031
2016	300,000	51,062		
2017	300,000	46,563		
2018	300,000	40,562		
2019	300,000	34,563		
2020	300,000	28,375		
2021	325,000	21,328		
2022	325,000	13,203		
2023	325,000	4,469		
	<u>3,000,000</u>	<u>379,371</u>	<u>10,525,000</u>	<u>335,411</u>
Less 2013 Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 3,000,000	\$ 379,371	\$ 10,525,000	\$ 335,411

¹ New issue.

Total General Obligation Debt

	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2013 ¹	\$ 1,585,000	\$ 580,795	\$ 2,165,795
2014	2,035,000	948,579	2,983,579
2015	17,335,000	751,775	18,086,775
2016	1,925,000	498,931	2,423,931
2017	1,805,000	458,075	2,263,075
2018	850,000	426,843	1,276,843
2019	875,000	399,469	1,274,469
2020	900,000	371,156	1,271,156
2021	950,000	340,984	1,290,984
2022	975,000	307,360	1,282,360
2023	1,000,000	272,125	1,272,125
2024	725,000	239,656	964,656
2025	725,000	210,656	935,656
2026	775,000	180,657	955,657
2027	800,000	149,688	949,688
2028	850,000	117,500	967,500
2029	875,000	83,515	958,515
2030	950,000	47,563	997,563
2031	400,000	21,875	421,875
2032	<u>425,000</u>	<u>7,438</u>	<u>432,438</u>
	36,760,000	6,414,640	43,174,640
Less 2013 Payments	<u>1,585,000</u>	<u>580,795</u>	<u>2,165,795</u>
	\$ 35,175,000	\$ 5,833,845	\$ 41,008,845

¹ 2013 Debt Service includes the final interest payment of \$115,333 on the G.O. Notes dated May 15, 2012 paid on May 1, 2013.

Total Outstanding Revenue Debt Summary (As of October 15, 2013)

Waterworks System Revenue Debt

<u>Type of Obligation</u>	<u>Date of</u> <u>Issue</u>	<u>Original</u> <u>Amount Issued</u>	<u>Maturity</u> <u>Dates</u>	<u>Current</u> <u>Amount Outstanding</u>
Waterworks System Revenue Bonds	11/01/05	\$ 12,130,000	12/01/20	\$ 7,855,000
Waterworks System Revenue Bonds, Series 2010 ¹	1/13/10	879,848	5/01/29	691,603
Waterworks System Ref Rev Bonds	3/15/11	6,500,000	12/01/31	6,400,000
Waterworks System Revenue Bonds, Series 2011 ¹	11/23/11	5,889,853	5/01/31	5,409,144
Waterworks System Revenue Bonds, Series 2013 ¹	05/08/13	2,598,203	5/01/33	<u>2,594,795</u>
			Outstanding Waterworks System Revenue Debt	22,950,542
			Less Remaining 2013 Principal Payments	<u>(1,300,000)</u>
			Net Outstanding Waterworks System Revenue Debt	<u>\$ 21,650,542</u>

¹ The Waterworks System Revenue Bonds, Series 2010 dated January 13, 2010, the Waterworks System Revenue Bonds, Series 2011 dated November 23, 2011 and the Waterworks System Revenue Bonds, Series 2013 dated May 8, 2013 (collectively, the "SDWLs") are issued under the Safe Drinking Water Loan Program administered by the State of Wisconsin. The SDWLs are junior and subordinate to the Revenue Bonds dated November 1, 2005 and the Refunding Revenue Bonds dated March 15, 2011 of the Waterworks System (the "System") with respect to the pledge of the revenues of the System.

Revenue Bond Debt Service Schedules

	\$12,130,000		\$879,848		\$6,500,000	
	Waterworks Sys Rev Bonds - 11/01/05		Waterworks Sys Rev Bonds, Ser 2010 (SDWL) - 1/13/10		Waterworks Sys Ref Rev Bonds - 3/15/11	
	Principal		Principal		Principal	
	<u>12/01</u>	<u>Interest</u>	<u>05/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>
2013	\$ 1,175,000	\$ 347,200	\$ 34,304	\$ 18,910	\$ 125,000	\$ 287,987
2014	1,225,000	300,200	35,219	17,982	125,000	285,175
2015	1,275,000	249,669	36,159	17,030	125,000	281,894
2016	1,325,000	197,075	37,123	16,053	125,000	278,456
2017	1,125,000	142,750	38,114	15,049	200,000	274,706
2018	550,000	86,500	39,131	14,018	250,000	267,706
2019	575,000	59,000	40,175	12,960	250,000	258,957
2020	605,000	30,250	41,247	11,874	275,000	248,956
2021			42,347	10,759	350,000	237,956
2022			43,477	9,614	350,000	223,956
2023			44,637	8,439	375,000	208,907
2024			45,828	7,232	400,000	192,500
2025			47,051	5,992	400,000	172,500
2026			48,306	4,720	425,000	152,500
2027			49,595	3,415	450,000	131,250
2028			50,918	2,074	475,000	108,750
2029			52,276	698	500,000	85,000
2030					575,000	60,000
2031					<u>625,000</u>	<u>31,250</u>
	<u>7,855,000</u>	<u>1,412,644</u>	<u>725,907</u>	<u>176,819</u>	<u>6,400,000</u>	<u>3,788,406</u>
Less 2013						
Payments	<u>1,175,000</u>	<u>347,200</u>	<u>34,304</u>	<u>18,910</u>	<u>125,000</u>	<u>287,987</u>
	\$ 6,680,000	\$ 1,065,444	\$ 691,603	\$ 157,909	\$ 6,275,000	\$ 3,500,419

	\$5,889,583		\$2,598,203	
	Waterworks Sys Rev Bonds, Ser 2011 (SDWL) - 11/23/11		Waterworks Sys Rev Bonds, Ser 2013 (SDWL) - 5/08/13	
	Principal		Principal	
	<u>05/01</u>	<u>Interest</u>	<u>05/01</u>	<u>Interest</u>
2013	\$ 242,833	\$ 121,673		\$ 23,898
2014	248,176	116,271	\$ 107,593	48,914
2015	253,635	110,752	109,664	46,824
2016	259,215	105,110	111,775	44,692
2017	264,918	99,345	113,927	42,519
2018	270,746	93,452	116,120	40,305
2019	276,703	87,430	118,355	38,049
2020	282,790	81,276	120,634	35,748
2021	289,012	74,986	122,956	33,403
2022	295,370	68,558	125,323	31,014
2023	301,868	61,988	127,735	28,578
2024	308,509	55,274	130,194	26,096
2025	315,296	48,412	132,700	23,566
2026	322,233	41,399	135,255	20,986
2027	329,322	34,232	137,859	18,357
2028	336,567	26,907	140,512	15,679
2029	343,972	19,421	143,217	12,947
2030	351,539	11,771	145,975	10,163
2031	359,273	3,952	148,784	7,327
2032			151,649	4,434
2033			<u>154,568</u>	<u>1,487</u>
	<u>5,651,977</u>	<u>1,262,209</u>	<u>2,594,795</u>	<u>554,986</u>
Less 2013				
Payments	<u>242,833</u>	<u>121,673</u>	<u>-</u>	<u>23,898</u>
	\$ 5,409,144	\$ 1,140,536	\$ 2,594,795	\$ 531,088

Total Waterworks System Debt Service and Coverage

	Total <u>Principal</u>	Total <u>Interest</u>	Total <u>Debt Service</u>	Total <u>Debt Service Less SDWLs</u>	<u>Coverage</u> ¹
2013	\$ 1,577,137	\$ 799,668	\$ 2,376,805	\$ 1,959,085	2.90
2014	1,740,988	768,542	2,509,530	2,091,882	2.72
2015	1,799,458	706,169	2,505,627	2,088,051	2.72
2016	1,858,113	641,386	2,499,499	2,081,998	2.73
2017	1,741,959	574,369	2,316,328	1,898,902	3.00
2018	1,225,997	501,981	1,727,978	1,310,631	4.34
2019	1,260,233	456,396	1,716,629	1,299,361	4.38
2020	1,324,671	408,104	1,732,775	1,315,588	4.32
2021	804,315	357,104	1,161,419	744,315	7.64
2022	814,170	333,142	1,147,312	730,293	7.79
2023	849,240	307,912	1,157,152	740,220	7.69
2024	884,531	281,102	1,165,633	748,790	7.60
2025	895,047	250,470	1,145,517	728,766	7.81
2026	930,794	219,605	1,150,399	733,741	7.75
2027	966,776	187,254	1,154,030	737,466	7.71
2028	1,002,997	153,410	1,156,407	739,941	7.69
2029	1,039,465	118,066	1,157,531	741,164	7.68
2030	1,072,514	81,934	1,154,448	791,138	7.19
2031	1,133,057	42,529	1,175,586	812,361	7.00
2032	151,649	4,434	156,083	156,083	36.45
2033	154,568	1,487	156,055	156,055	36.46
	<u>23,227,679</u>	<u>7,195,064</u>	<u>30,422,743</u>	<u>22,605,831</u>	
Less 2013 Payments	<u>1,577,137</u>	<u>799,668</u>	<u>2,376,805</u>	<u>1,959,085</u>	
	\$ 21,650,542	\$ 6,395,396	\$ 28,045,938	\$ 20,646,746	

¹ Coverage based on audited 2012 net revenues of \$5,689,155 on Total Debt Service less SDWLs.

Debt Ratios

Outstanding general obligation, direct debt as a percentage of equalized value and on a per capita basis as of October 15, 2013 and for the previous five years as of December 31 as follows:

Ratios of General Obligation Debt to
Equalized Valuation and Population

<u>Year</u>	<u>Outstanding General Obligation Debt</u>	<u>Equalized Valuation</u>	<u>Percent of Equalized Value</u>	<u>Population</u> ¹	<u>Per Capita</u>
2013	\$ 35,175,000 ²	\$ 2,921,983,900	1.20%	34,695	\$ 1,013.83
2012	23,410,000	2,932,766,600	0.80	34,530	677.96
2011	14,415,000	3,088,952,200	0.47	34,495	417.89
2010	16,046,302	3,113,583,000	0.52	34,451	465.77
2009	10,512,407	3,293,533,700	0.32	32,600	322.47
2008	11,919,174	3,380,874,000	0.35	32,470	367.08

¹ Estimated by the Wisconsin Department of Administration. 2010 population is per the 2010 U.S. Census; 2013 is a preliminary estimate.

² Unaudited.

Indirect Debt

The indirect general obligation debt of the City as of August 1, 2013 is listed below.

<u>Governmental Unit</u>	<u>Outstanding Debt as of August 1, 2013 (Less: 2013 Payments)</u>	<u>Percent of Debt Within City</u>	<u>Amount of Debt Within City</u>
Oak Creek-Franklin School District	\$ 46,520,000	82.83%	\$ 38,532,516
Milwaukee County	783,826,165	5.11	40,053,517
Milwaukee Metropolitan Sewerage District ¹	956,778,289	5.22	49,943,827
Milwaukee Area Technical College ¹	91,370,000	4.14	<u>3,782,718</u>
			\$ 132,312,578

¹ The District expects to issue approximately an additional \$45,942,000 in monthly draws of Clean Water Fund Loans ("CWF Loans") from August through December 2013. The CWF Loans are supported by the full faith and credit of the Sewerage District.

² The District anticipates issuing approximately an additional \$33 million for the 2013-2014 fiscal year total.

Total Indirect Debt	\$ 132,312,578
Indirect Debt Per Capita	\$ 3,813.59
Indirect Debt as a % of Equalized Value	4.53%
Total Direct Debt	\$ 35,175,000
Total Direct Debt Per Capita	\$ 1,013.83
Total Direct Debt as a % of Equalized Value	1.20%
Total Direct and Indirect Debt	\$ 167,487,578
Total Direct and Indirect Debt Per Capita	\$ 4,827.43
Total Direct and Indirect Debt as a % of Equalized Value	5.73%

Short-Term Debt

The City has no outstanding short-term debt.

Legal Debt Limit

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

The City's unused borrowing capacity is as follows:

Equalized Value of Taxable Property in the City for 2013		\$ 2,921,983,900
Outstanding General Obligation Debt as of October 15, 2013, Including New Issue	\$ 35,175,000	
Less: Remaining 2013 Principal Payments	(_____)	
Net General Obligation Debt Outstanding		\$ 35,175,000
Legal Debt Capacity (5% of Equalized Value)		\$ 146,099,195
Unused Margin of Indebtedness		\$ 110,924,195
Percent of Unused Margin of Indebtedness		75.92%

No Default on City Indebtedness

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

Future Financings

The City anticipates issuing additional general obligation debt in 2013. The amount and date are unknown at this time.

FINANCIAL INFORMATION

Annual Budgets

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

Summaries of the 2012 and 2013 Adopted Budgets follows:

Adopted General Fund Budgets

	2012 Adopted Budget	2013 Adopted Budget	Percent to Total
REVENUES			
Taxes	\$ 13,145,595	\$ 13,323,340	56.20%
Other Taxes	2,143,000	2,143,200	9.04
Intergovernmental	4,379,315	4,471,250	18.86
Grants and Aids	289,580	255,000	1.08
Licenses and Permits	509,325	504,630	2.13
Charges for Services	494,600	657,765	2.77
Public Health and Safety	26,500	32,900	0.14
Commercial Revenues	1,583,945	1,649,500	6.96
Expenditure Offset	<u>292,100</u>	<u>470,000</u>	<u>1.98</u>
Total	22,863,960	23,507,585	99.16
 Fund Balance Applied	 <u>1,169,985</u>	 <u>200,000</u>	 <u>0.84</u>
 TOTAL REVENUES	 <u>\$ 24,033,945</u>	 <u>\$ 23,707,585</u>	 <u>100.00%</u>
 EXPENDITURES			
General Government	\$ 5,661,880	\$ 5,937,185	25.04%
Public Safety	10,872,220	11,095,885	46.80
Health	657,950	649,070	2.74
Public Works	3,806,365	3,667,680	15.47
Leisure Services	2,136,530	2,157,765	9.10
Accumulated Sick Time Payout	<u>899,000</u>	<u>200,000</u>	<u>0.84</u>
 TOTAL EXPENDITURES	 <u>\$ 24,033,945</u>	 <u>\$ 23,707,585</u>	 <u>100.00%</u>

Summary of Operations

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES:			
Taxes	\$ 13,664,329	\$ 13,722,331	\$ 13,730,510
Intergovernmental	4,623,523	5,079,854	5,041,163
Regulation and compliance	1,300,095	1,333,355	1,319,713
Public charges for services	321,982	396,754	337,549
Investment income	551,913	347,349	403,806
Miscellaneous	191,058	241,112	137,445
Interfund charges for services	<u>247,143</u>	<u>178,734</u>	<u>143,466</u>
Total Revenues	20,900,043	21,299,489	21,113,652
EXPENDITURES			
General government	6,553,314	5,456,471	5,488,779
Public safety	10,807,613	11,158,464	10,702,871
Health and social services	545,060	544,591	542,634
Public works	3,298,714	3,615,000	3,424,990
Leisure activities	<u>1,930,412</u>	<u>2,069,687</u>	<u>2,002,943</u>
Total Expenditures	23,135,113	22,844,213	22,162,217
Excess (deficiency) of revenues over expenditures	(2,235,070)	(1,544,724)	(1,048,565)
OTHER FINANCING SOURCES (USES)			
Sale of property	17,865	20,664	5,717
Transfers in	1,680,782	1,544,425	1,485,980
Transfers out	<u>(165,408)</u>	<u>-</u>	<u>(3,437)</u>
Total Other Financing Sources (Uses)	1,533,239	1,565,089	1,488,260
Net Change in Fund Balance	(701,831)	20,365	439,695
FUND BALANCES – Beginning of Year	<u>8,243,578</u>	<u>8,223,213</u>	<u>7,783,518</u>
FUND BALANCES – END OF YEAR	<u>\$ 7,541,747</u>	<u>\$ 8,243,578</u>	<u>\$ 8,223,213</u>
Fund Balances			
Nonspendable	\$ 1,272,568	\$ 874,620	-
Assigned	\$ 2,080,782	\$ 3,613,410	-
Unassigned	\$ 4,188,397	\$ 3,755,548	-
Reserved	\$ -	-	\$ 1,660,637
Unreserved			
Designated	\$ -	-	\$ 875,880
Undesignated	\$ -	-	\$ 5,686,696

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES:			
Taxes	\$ 20,349,038	\$ 20,915,781	\$ 20,708,038
Intergovernmental	8,826,782	7,289,503	6,053,822
Regulation and compliance	1,300,095	1,333,355	1,319,713
Public charges for services	2,160,381	2,538,625	2,194,140
Special assessments/developer contributions	851,221	547,051	498,043
Investment income	692,988	477,127	549,646
Miscellaneous	2,690,650	2,741,165	604,067
Interfund charges for services	<u>247,143</u>	<u>178,734</u>	<u>143,466</u>
Total Revenues	37,118,298	1 36,021,341	32,070,935
EXPENDITURES			
Current			
General government	6,553,314	5,456,696	5,827,492
Public safety	16,833,550	17,350,561	16,574,579
Health and social services	616,237	616,238	816,783
Public works	5,137,802	5,639,572	5,356,495
Leisure activities	2,102,371	2,232,587	2,159,343
Conservation and development	608,591	225,000	182,212
Capital Outlay	16,310,205	4,836,482	2,660,741
Debt Service			
Principal retirement	6,135,000	1,425,000	1,270,000
Interest and fiscal charges	<u>502,938</u>	<u>759,180</u>	<u>522,093</u>
Total Expenditures	54,800,008	38,541,316	35,369,738
Excess (deficiency) of revenues over expenditures	(17,681,710)	(2,519,975)	(3,298,803)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	10,600,000	-	7,000,000
Refunding debt issued	4,530,000	-	-
Premium on debt	70,366	-	-
Sale of property	488,365	20,664	5,717
Transfers in	7,115,686	4,354,636	2,995,838
Transfers out	(5,434,904)	(2,810,211)	(1,509,858)
Payment on current refunding	<u>-</u>	<u>-</u>	<u>(7,000,000)</u>
Total Other Financing Sources (Uses)	17,369,513	1,565,089	1,491,697
SPECIAL ITEM			
Power generating facility mitigation revenue	<u>-</u>	<u>-</u>	<u>2,250,000</u>
Net Change in Fund Balance	(312,197)	(954,886)	442,897
FUND BALANCES – Beginning of Year	<u>23,511,946</u>	<u>24,466,832</u>	<u>24,023,938</u>
FUND BALANCES – END OF YEAR	<u>\$ 23,199,749</u>	<u>\$ 23,511,946</u>	<u>\$ 24,466,832</u>
Fund Balances			
Nonspendable	\$ 1,272,568	\$ 874,855	-
Restricted	\$ 7,749,326	\$ 5,656,745	-
Committed	\$ 3,037,081	\$ 2,457,833	-
Assigned	\$ 8,006,480	\$ 11,771,687	-
Unassigned	\$ 3,134,294	\$ 2,750,826	-
Reserved	\$ -	-	\$ 6,012,665
Unreserved			
Designated	\$ -	-	\$ 10,517,703
Undesignated	\$ -	-	\$ 7,936,464

Pension Plan

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

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of the employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are as follows:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for City employees covered by the WRS for the year ended December 31, 2012 was \$17,194,475; the employer's total payroll was \$18,370,029. The total required contribution for the year ended December 31, 2012 was \$2,857,282 or 16.6% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$2,933,197 and \$2,710,708, respectively, equal to the required contribution for each year.

See Note IV-A of the City's Audited Financial Statements for the Year Ended December 31, 2012 included in Appendix A for more detailed information.

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

Other Post-Employment Benefits

For information on Other Post-Employment Benefits ("OPEB") of the City, see Note IV-D of the City's Financial Statements for the Year Ended December 31, 2012 attached as Appendix A for more detailed information on the City's retirement plan.

LEGAL MATTERS

Pending Litigation

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

Levy Limits

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

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

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

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

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

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

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

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

Approval of Legal Proceedings

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

Statement Regarding Bond Counsel Participation

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

Tax Status

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

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

In order to comply with Treasury Circular 230, the opinion of Quarles & Brady LLP, Bond Counsel, will state that unless specifically stated to the contrary in writing, any advice contained in the opinion of Bond Counsel concerning tax issues or submissions is not intended to be used, and cannot be used, by the taxpayer for the purpose of avoiding any tax penalties that may be imposed upon the taxpayer by any governmental taxing authority or agency.

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

Original Issue Discount

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

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

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

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

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

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

Bond Premium

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

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

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

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

Exemption From Securities Registration

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

MISCELLANEOUS

Ratings

The Notes have been rated "MIG 1" by Moody's Investors Service, Inc., New York, New York ("Moody's").

Concurrently, Moody's has affirmed the "Aa2" rating on the City's outstanding long-term general obligation unlimited tax debt.

The rating when issued, reflects only the view of the rating agency, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either upward or downward, or withdrawn entirely, by the rating agency, if, in their judgment, circumstances so warrant.

Continuing Disclosure

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

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

Underwriting

Pursuant to the Note Purchase Agreement with the City, the Underwriter has agreed to purchase all of the Notes, if any of the Notes are purchased, upon the satisfaction of certain conditions set forth in the Note Purchase Agreement. The Note Purchase Agreement provides for the Notes to be purchased at a price of par plus accrued interest, if any, to the date of delivery. The Underwriter intends to reoffer the Notes to the public at an average purchase price of 101.269 of the principal amount of the Notes. The Underwriter's compensation in connection with this issue is the difference between the reoffering price of the Notes and the purchase price mentioned above from which the Underwriter will pay issuance expenses. The Notes may be offered to certain dealers at prices lower than such public offering price or yield and such public offering price or yield may be changed from time to time by the Underwriter. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public.

CERTIFICATES CONCERNING OFFICIAL STATEMENT

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

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APPENDIX A

AUDITED FINANCIAL STATEMENTS
OF THE
CITY OF OAK CREEK
FOR THE YEAR ENDED DECEMBER 31, 2012

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CITY OF OAK CREEK

Oak Creek, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

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, 2012, and the related notes to the financial statements, which collectively comprise the City of Oak Creek's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the City Council
City of Oak Creek

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oak Creek, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Oak Creek adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing 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 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 also issued our 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 City of Oak Creek's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 22, 2013

CITY OF OAK CREEK

STATEMENT OF NET POSITION As of December 31, 2012

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 21,157,892	\$ 14,253,597	\$ 35,411,489
Taxes receivable	22,875,076	-	22,875,076
Delinquent personal property taxes receivable	8,288	-	8,288
Accounts receivable	1,065,289	2,753,275	3,818,564
Special assessments receivable	1,289,005	-	1,289,005
Loans receivable	8,813	-	8,813
Notes receivable	1,767,000	-	1,767,000
Interest receivable	178,712	-	178,712
Other assets	-	14,438	14,438
Internal balances	986,733	(986,733)	-
Prepaid items and inventories	143,922	71,267	215,189
Restricted cash and investments	1,411,829	1,607,083	3,018,912
Capital Assets			
Land and land rights	22,952,030	131,589	23,083,619
Construction in progress	-	10,107	10,107
Other capital assets, net of depreciation	<u>72,992,273</u>	<u>107,660,679</u>	<u>180,652,952</u>
Total Assets	<u>146,836,862</u>	<u>125,515,302</u>	<u>272,352,164</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,292,780	1,118,639	4,411,419
Deposits	681,311	-	681,311
Unearned revenue	22,367,238	71,248	22,438,486
Noncurrent Liabilities			
Due within one year	8,832,807	1,553,592	10,386,399
Due in more than one year	<u>38,761,960</u>	<u>19,577,116</u>	<u>58,339,076</u>
Total Liabilities	<u>73,936,096</u>	<u>22,320,595</u>	<u>96,256,691</u>
NET POSITION			
Net investment in capital assets	72,980,549	87,435,134	160,370,258
Restricted for debt service	2,664,682	1,554,151	4,218,833
Restricted for TID activity	2,165,796	-	2,165,796
Restricted for impact fees	1,376,372	-	1,376,372
Restricted for park escrow	478,574	-	478,574
Restricted for other purposes	823,029	-	823,029
Unrestricted (deficit)	<u>(7,588,236)</u>	<u>14,205,422</u>	<u>6,662,611</u>
TOTAL NET POSITION	<u>\$ 72,900,766</u>	<u>\$ 103,194,707</u>	<u>\$ 176,095,473</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

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	\$ 7,457,027	\$ 1,483,864	\$ 19,745	\$ 127,881	\$ (5,825,537)	\$ -	\$ (5,825,537)
Public safety	18,998,259	1,619,340	274,516	-	(17,104,403)	-	(17,104,403)
Health and social services	641,186	22,769	86,328	-	(532,089)	-	(532,089)
Public works	10,779,203	946,329	1,575,175	2,069,493	(6,188,206)	-	(6,188,206)
Leisure activities	3,588,261	210,902	-	1,750	(3,375,609)	-	(3,375,609)
Conservation and development	1,294,967	-	201,801	159,946	(933,220)	-	(933,220)
Interest and fiscal charges	590,496	-	-	-	(590,496)	-	(590,496)
Total Governmental Activities	<u>43,349,399</u>	<u>4,283,204</u>	<u>2,157,565</u>	<u>2,359,070</u>	<u>(34,549,560)</u>	<u>-</u>	<u>(34,549,560)</u>
Business-type Activities							
Water utility	6,984,567	9,488,253	-	566,466	-	3,070,152	3,070,152
Sewer utility	3,368,263	3,783,843	-	460,211	-	875,791	875,791
Total Business-type Activities	<u>10,352,830</u>	<u>13,272,096</u>	<u>-</u>	<u>1,026,677</u>	<u>-</u>	<u>3,945,943</u>	<u>3,945,943</u>
Totals	<u>\$ 53,702,229</u>	<u>\$ 17,555,300</u>	<u>\$ 2,157,565</u>	<u>\$ 3,385,747</u>	<u>(34,549,560)</u>	<u>3,945,943</u>	<u>(30,603,617)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					18,059,370		18,059,370
Property taxes, levied for debt service					850,000		850,000
Property taxes, levied for tax incremental districts					765,073		765,073
Other taxes					674,595		674,595
Intergovernmental revenues not restricted to specific programs					6,415,067		6,415,067
Investment income					691,168	126,645	817,813
Miscellaneous					2,672,570	(203)	2,672,367
Gain on sale of capital assets					488,366	301,130	789,496
Transfers					1,680,782	(1,680,782)	-
Total General Revenues and Transfers					<u>32,296,991</u>	<u>(1,253,210)</u>	<u>31,043,781</u>
Change in Net Position					(2,252,569)	2,692,733	440,164
NET POSITION - Beginning of Year					<u>75,153,335</u>	<u>100,501,974</u>	<u>175,655,309</u>
NET POSITION - END OF YEAR					<u>\$ 72,900,766</u>	<u>\$ 103,194,707</u>	<u>\$ 176,095,473</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2012

	General	Emergency Medical Services Fund	Capital Improvement Fund	Police Station Debt Service Fund	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 5,077,001	\$ -	\$ 6,875,156	\$ -	\$ 8,563,988	\$ 20,516,145
Receivables						
Taxes	13,724,901	3,551,590	-	850,000	4,748,585	22,875,076
Delinquent personal property taxes	8,288	-	-	-	-	8,288
Accounts	539,052	126,570	270,936	-	89,838	1,026,396
Notes receivable	-	-	-	-	1,767,000	1,767,000
Interest receivable	29,723	-	-	-	148,989	178,712
Special assessments	-	-	-	-	1,289,005	1,289,005
Loans	-	-	-	-	8,813	8,813
Due from other funds	2,812,411	-	-	-	314,900	3,127,311
inventories	143,922	-	-	-	-	143,922
Restricted cash and investments	-	-	-	-	1,411,829	1,411,829
TOTAL ASSETS	\$ 22,335,298	\$ 3,678,160	\$ 7,146,092	\$ 850,000	\$ 18,342,947	\$ 52,352,497
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 324,173	\$ 22,475	\$ 1,059,024	\$ -	\$ 402,295	\$ 1,807,967
Accrued liabilities	604,325	74,611	59,887	-	26,552	765,375
Deposits	106,460	-	-	-	574,851	681,311
Due to other funds	411,253	384,141	-	108,933	1,230,130	2,134,457
Deferred revenues	13,347,340	3,558,675	101,483	850,000	4,627,121	22,484,619
Deferred revenues - special assessments	-	-	-	-	1,279,019	1,279,019
Total Liabilities	<u>14,793,551</u>	<u>4,039,902</u>	<u>1,220,394</u>	<u>958,933</u>	<u>8,139,968</u>	<u>29,152,748</u>
Fund Balances						
Nonspendable	1,272,568	-	-	-	-	1,272,568
Restricted	-	-	-	-	7,749,326	7,749,326
Committed	-	-	-	-	3,037,081	3,037,081
Assigned	2,080,782	-	5,925,698	-	-	8,006,480
Unassigned (deficit)	4,188,397	(361,742)	-	(108,933)	(583,428)	3,134,294
Total Fund Balances	<u>7,541,747</u>	<u>(361,742)</u>	<u>5,925,698</u>	<u>(108,933)</u>	<u>10,202,979</u>	<u>23,199,749</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,335,298	\$ 3,678,160	\$ 7,146,092	\$ 850,000	\$ 18,342,947	\$ 52,352,497

CITY OF OAK CREEK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2012

Fund balance - total governmental funds	\$ 23,199,749
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	22,952,030
Other capital assets, net of depreciation	72,992,273
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	1,279,019
Accounts receivable	7,085
Grants receivable	101,483
Loans receivable	8,813
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.	
	195,954
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	(23,315,203)
Unamortized debt premium	(42,113)
Unfunded OPEB liability	(22,281,388)
Compensated absences	(1,956,063)
Accrued interest	<u>(240,873)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 72,900,766</u>

CITY OF OAK CREEK

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General	Emergency Medical Services Fund	Capital Improvement Fund	Police Station Debt Service Fund	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	\$ 13,664,329	\$ 3,551,590	\$ -	\$ 850,000	\$ 2,283,119	\$ 20,349,038
Intergovernmental	4,623,523	129,663	453,012	-	3,620,584	8,826,782
Regulation and compliance	1,300,095	-	-	-	-	1,300,095
Public charges for services	321,982	966,515	-	-	871,884	2,160,381
Special assessments/developer contributions	-	-	294,312	-	556,909	851,221
Investment income	551,913	-	20,483	-	120,592	692,988
Miscellaneous	191,058	101	-	-	2,499,491	2,690,650
Interfund charges for services	247,143	-	-	-	-	247,143
Total Revenues	<u>20,900,043</u>	<u>4,647,869</u>	<u>767,807</u>	<u>850,000</u>	<u>9,952,579</u>	<u>37,118,298</u>
EXPENDITURES						
Current						
General government	6,553,314	-	-	-	-	6,553,314
Public safety	10,807,613	4,863,151	-	-	1,162,786	16,833,550
Health and social services	545,060	-	-	-	71,177	616,237
Public works	3,298,714	-	-	-	1,839,088	5,137,802
Leisure activities	1,930,412	-	-	-	171,959	2,102,371
Conservation and development	-	-	-	-	608,591	608,591
Capital Outlay	-	-	13,707,174	-	2,603,031	16,310,205
Debt Service						
Principal retirement	-	-	-	5,400,000	735,000	6,135,000
Interest and fiscal charges	-	-	-	185,481	317,457	502,938
Total Expenditures	<u>23,135,113</u>	<u>4,863,151</u>	<u>13,707,174</u>	<u>5,585,481</u>	<u>7,509,089</u>	<u>54,800,008</u>
Excess (deficiency) of revenues over expenditures	<u>(2,235,070)</u>	<u>(215,282)</u>	<u>(12,939,367)</u>	<u>(4,735,481)</u>	<u>2,443,490</u>	<u>(17,681,710)</u>
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	6,000,000	-	4,600,000	10,600,000
Refunding debt issued	-	-	-	4,530,000	-	4,530,000
Premium on debt	-	-	28,788	-	41,578	70,366
Sale of property	17,865	-	-	-	470,500	488,365
Transfers in	1,680,782	-	4,678,000	94,371	662,533	7,115,686
Transfers out	<u>(165,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,269,496)</u>	<u>(5,434,904)</u>
Total Other Financing Sources (Uses)	<u>1,533,239</u>	<u>-</u>	<u>10,706,788</u>	<u>4,624,371</u>	<u>505,115</u>	<u>17,369,513</u>
Net Change in Fund Balance	<u>(701,831)</u>	<u>(215,282)</u>	<u>(2,232,579)</u>	<u>(111,110)</u>	<u>2,948,605</u>	<u>(312,197)</u>
FUND BALANCES (Deficit) - Beginning of Year	<u>8,243,578</u>	<u>(146,460)</u>	<u>8,158,277</u>	<u>2,177</u>	<u>7,254,374</u>	<u>23,511,946</u>
FUND BALANCES (Deficit) - END OF YEAR	<u>\$ 7,541,747</u>	<u>\$ (361,742)</u>	<u>\$ 5,925,698</u>	<u>\$ (108,933)</u>	<u>\$ 10,202,979</u>	<u>\$ 23,199,749</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds	\$	(312,197)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		16,310,205
Some items capitalized were not reported as capital outlay		1,236,300
Some amounts reported as capital outlay were not capitalized		(5,768,075)
Depreciation is reported in the government-wide statements		(2,514,229)
Net book value of disposed assets		(395,477)
<p>Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>		
Special assessments		(245,781)
Grants		101,483
Loans		(2,575)
<p>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.</p>		
Principal repaid		6,135,000
Debt proceeds		(15,130,000)
Capital appreciation bond increase		(60,843)
<p>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.</p>		
Premium on issued debt		(70,366)
Amortization of debt premium/discount on debt issued		28,253
<p>Part of net revenue of activities in the internal service fund is reported with governmental activities</p>		
		50,179
<p>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.</p>		
Other postemployment benefits		(1,987,211)
Compensated absences		427,735
Accrued interest on debt		(54,970)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(2,252,569)</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
ASSETS				
Current Assets				
Cash and investments	\$ 6,256,868	\$ 7,996,729	\$ 14,253,597	\$ 641,747
Customer accounts receivable	1,950,150	776,266	2,726,416	-
Other accounts receivable	23,342	3,517	26,859	38,893
Due from other funds	256,833	194,156	450,989	18,594
Unamortized debt issue costs	918	-	918	-
Inventories	71,267	-	71,267	-
Restricted assets				
Revenue bond redemption account	<u>161,266</u>	<u>-</u>	<u>161,266</u>	<u>-</u>
Total Current Assets	<u>8,720,644</u>	<u>8,970,668</u>	<u>17,691,312</u>	<u>699,234</u>
Noncurrent Assets				
Restricted Assets				
Revenue bond reserve account	<u>1,445,817</u>	<u>-</u>	<u>1,445,817</u>	<u>-</u>
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	10,107	-	10,107	-
Utility plant in service	103,682,480	41,850,102	145,532,582	-
Accumulated depreciation	<u>(28,292,514)</u>	<u>(9,579,389)</u>	<u>(37,871,903)</u>	<u>-</u>
Total Capital Assets	<u>75,518,517</u>	<u>32,283,858</u>	<u>107,802,375</u>	<u>-</u>
Other Assets				
Property held for future use	5,000	-	5,000	-
Due from other funds - special assessments	120,418	127,792	248,210	-
Unamortized bond discount and expense	<u>8,520</u>	<u>-</u>	<u>8,520</u>	<u>-</u>
Total Other Assets	<u>133,938</u>	<u>127,792</u>	<u>261,730</u>	<u>-</u>
Total Assets	<u>85,818,916</u>	<u>41,382,318</u>	<u>127,201,234</u>	<u>699,234</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 320,166	\$ 515,919	\$ 836,085	\$ 478,565
Accrued payroll	173,970	31,700	205,670	-
Accrued interest payable	23,952	-	23,952	-
Due to other funds	1,704,910	5,737	1,710,647	-
Unearned revenue	71,248	-	71,248	-
Compensated absences	19,193	-	19,193	-
Revenue bonds payable	277,137	-	277,137	-
Liabilities Payable From Restricted Assets				
Accrued interest	52,932	-	52,932	-
Current portion of revenue bonds	1,300,000	-	1,300,000	-
Less: Unamortized loss on advance refunding of revenue bonds	<u>(42,738)</u>	<u>-</u>	<u>(42,738)</u>	<u>-</u>
Total Current Liabilities	<u>3,900,770</u>	<u>553,356</u>	<u>4,454,126</u>	<u>478,565</u>
Noncurrent Liabilities				
Net other postemployment benefits obligation	587,869	146,967	734,836	-
Revenue bonds	19,055,747	-	19,055,747	-
Less: Unamortized loss on advance refunding of revenue bonds	<u>(213,467)</u>	<u>-</u>	<u>(213,467)</u>	<u>-</u>
Total Noncurrent Liabilities	<u>19,430,149</u>	<u>146,967</u>	<u>19,577,116</u>	<u>-</u>
Total Liabilities	<u>23,330,919</u>	<u>700,323</u>	<u>24,031,242</u>	<u>478,565</u>
NET POSITION				
Net investment in capital assets	55,151,276	32,283,858	87,435,134	-
Restricted				
Debt service	1,554,151	-	1,554,151	-
Unrestricted	<u>5,782,570</u>	<u>8,398,137</u>	<u>14,180,707</u>	<u>220,669</u>
TOTAL NET POSITION	<u>\$ 62,487,997</u>	<u>\$ 40,681,995</u>	103,169,992	<u>\$ 220,669</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>24,715</u>	
Net Position of Business-type Activities			<u>\$ 103,194,707</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

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

For the Year Ended December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	<u>Activities -</u>
	<u>Utility</u>	<u>Utility</u>		<u>Internal</u>
				<u>Service Fund</u>
OPERATING REVENUES				
Charges for services and sales	\$ 9,275,619	\$ 3,681,449	\$ 12,957,068	\$ -
Other operating revenues	<u>216,737</u>	<u>3,394</u>	<u>220,131</u>	<u>6,557,835</u>
Total Operating Revenues	<u>9,492,356</u>	<u>3,684,843</u>	<u>13,177,199</u>	<u>6,557,835</u>
OPERATING EXPENSES				
Operation and maintenance	3,777,020	2,769,158	6,546,178	6,508,615
Depreciation	2,283,410	549,564	2,832,974	-
Taxes	<u>114,033</u>	<u>49,541</u>	<u>163,574</u>	<u>-</u>
Total Operating Expenses	<u>6,174,463</u>	<u>3,368,263</u>	<u>9,542,726</u>	<u>6,508,615</u>
Operating Income	<u>3,317,893</u>	<u>316,580</u>	<u>3,634,473</u>	<u>49,220</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	87,852	38,793	126,645	756
Income from merchandising and jobbing	(4,103)	-	(4,103)	-
Rental income	-	99,000	99,000	-
Interest expense	(766,448)	-	(766,448)	-
Amortization expense	(43,656)	-	(43,656)	-
Gain on sale of capital assets	<u>-</u>	<u>301,130</u>	<u>301,130</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(726,355)</u>	<u>438,923</u>	<u>(287,432)</u>	<u>756</u>
Income (Loss) Before Contributions and Transfers	2,591,538	755,503	3,347,041	49,976
CAPITAL CONTRIBUTIONS	566,466	460,211	1,026,677	-
TRANSFERS OUT	<u>(1,680,782)</u>	<u>-</u>	<u>(1,680,782)</u>	<u>-</u>
Change in Net Position	1,477,222	1,215,714	2,692,936	49,976
NET POSITION - Beginning of Year	<u>61,010,775</u>	<u>39,466,281</u>		<u>170,693</u>
NET POSITION - END OF YEAR	<u>\$ 62,487,997</u>	<u>\$ 40,681,995</u>		<u>\$ 220,669</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(203)</u>	
Change in Net Position of Business-Type Activities			<u>\$ 2,692,733</u>	

See accompanying notes to financial statements.

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CITY OF OAK CREEK

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 8,950,329	\$ 3,687,174	\$ 12,637,503	\$ 6,669,540
Received from rents of water property	177,026	-	177,026	-
Payment for nonoperating activities	(11,571)	-	(11,571)	-
Received from miscellaneous sources	42,897	3,381	46,278	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(1,979,004)	(1,979,004)	-
Paid to suppliers for goods and services	(2,571,691)	(465,287)	(3,036,978)	(6,588,234)
Paid to employees for services	(1,719,117)	(420,477)	(2,139,594)	-
Net Cash Flows From Operating Activities	<u>4,867,873</u>	<u>825,787</u>	<u>5,693,660</u>	<u>81,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to city for tax equivalent	(1,518,425)	(26,000)	(1,544,425)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from equipment lease	116,054	-	116,054	-
Proceeds from promissory note	321,612	-	321,612	-
Proceeds from property rental	-	121,000	121,000	-
Investment income	29,169	12,694	41,863	756
Net Cash Flows From Investing Activities	<u>466,835</u>	<u>133,694</u>	<u>600,529</u>	<u>756</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,255,647)	(36,844)	(1,292,491)	-
Proceeds received for acquisition and construction of capital assets	39,769	30,443	70,212	-
Proceeds from sale of capital assets	-	2,350,000	-	-
Special assessment proceeds	56,807	101,114	157,921	-
Proceeds from salvage on capital assets	4,121	-	4,121	-
Debt retired	(1,521,018)	-	(1,521,018)	-
Interest paid	(822,289)	-	(822,289)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(3,498,257)</u>	<u>2,444,713</u>	<u>(1,053,544)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	318,026	3,378,194	3,696,220	82,062
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,940,030</u>	<u>3,056,911</u>	<u>6,996,941</u>	<u>559,685</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,258,056</u>	<u>\$ 6,435,105</u>	<u>\$ 10,693,161</u>	<u>\$ 641,747</u>

	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)	\$ 3,317,893	\$ 316,580	\$ 3,634,473	\$ 49,220
Nonoperating revenues (expenses)	(4,104)	-	(4,104)	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	2,283,410	549,564	2,832,974	-
Depreciation charged to other accounts	80,520	(49,856)	30,664	-
Gain on sale of transportation equipment	(4,121)	-	(4,121)	-
Changes in assets and liabilities				
Customer accounts receivable	(329,276)	4,488	(324,788)	-
Other accounts receivable	4,847	(13)	4,834	93,077
Due from other funds	(60,513)	(13,650)	(74,163)	18,628
Inventories	(4,505)	-	(4,505)	-
Accounts payable and accrued liabilities	(311,105)	(3,342)	(314,447)	(79,619)
Accrued expenses	(215,213)	(4,697)	(219,910)	-
Net other post employment benefits obligation	106,854	26,713	133,567	-
Unearned revenue	3,186	-	3,186	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 4,867,873	\$ 825,787	\$ 5,693,660	\$ 81,306
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 6,256,868	\$ 7,996,729	\$ 14,253,597	\$ 641,747
Restricted cash and investments - current	161,266	-	161,266	-
Restricted cash and investments - noncurrent	1,445,817	-	1,445,817	-
Less: Investments not considered to be cash and cash equivalents	(3,605,895)	(1,561,624)	(5,167,519)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,258,056	\$ 6,435,105	\$ 10,693,161	\$ 641,747
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Interest income earned on noncash equivalents	\$ 47,506	\$ 20,573		\$ -
Market value adjustment on investments	\$ 13,786	\$ 5,970		\$ -
Gain on capital asset retirements	\$ 4,121	\$ 301,130		\$ -
Cost of capital assets installed and/or financed by developers	\$ 469,146	\$ 308,824		\$ -
Cost of capital assets financed by assessment of benefits to property owners	\$ 97,320	\$ 151,387		\$ -
Interest capitalized on construction projects	\$ 53,440	\$ -		\$ -

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
As of December 31, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 31,419,493
Property taxes receivable	<u>20,843,227</u>
TOTAL ASSETS	<u>\$ 52,262,720</u>
LIABILITIES	
Due to other taxing units	<u>\$ 52,262,720</u>
TOTAL LIABILITIES	<u>\$ 52,262,720</u>

CITY OF OAK CREEK

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CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 a) the primary government, b) organizations for which the primary government is financially accountable, and c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: 1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; 3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2011, the GASB issued statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The city implemented this standard effective January 1, 2012.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

Financial statements of the 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, liabilities, 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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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 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.

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.

Police Station 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 to the police station.

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Fund Financial Statements (cont.)

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

- DPW Debt Service Fund
- Debt Amortization Fund
- TIF No. 4 Debt Service Fund
- TIF No. 5 Debt Service Fund
- TIF No. 6 Debt Service Fund

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

- Developer Agreement Fund
- TIF No. 7 Capital Projects Fund
- TIF No. 8 Capital Projects Fund
- TIF No. 9 Capital Projects Fund
- TIF No. 10 Capital Projects Fund
- TIF No. 11 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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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.

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and deferred 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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred 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 deferred 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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Fund Financial Statements (cont.)

The city reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the city has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the city has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, 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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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, 2012, 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 agency fund statement of fiduciary net position.

Property tax calendar – 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due (50%)	January 31, 2013
Second installment due (25%)	March 31, 2013
Third installment due (25%)	May 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale – 2012 delinquent real estate taxes	October 2015

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

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 deferred 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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government –Wide Statements (cont.)

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 \$53,440 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.

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. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue using the effective interest method.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences (cont.)

Payments for paid time off will be made at rates in effect when the benefits are used. The liabilities at December 31, 2012 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 and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

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 12-31-12
AAA Sales & Engineering	11/17/98	\$ 6,375,000	11/1/21	\$ 870,191
F & M Management Company	5/1/96	3,000,000	5/1/25	799,245
Crown Prince Inc.	12/2/03	2,235,000	1/1/24	870,000
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	4,857,120
Total				<u>\$ 74,396,556</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

9. Claims and Judgments

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 government 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. Refer to Note IV.C. on commitments and contingencies.

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.”

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 72,980,549	\$ 87,435,134	\$ (45,425)	\$ 160,370,258
Unrestricted	(7,588,236)	14,205,422	45,425	6,662,611

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 equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the City of Oak Creek classifies governmental fund balance as follows:

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

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

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

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

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 15% to 25% of total general fund annual revenues plus the amount of state shared revenue during the previous year. In the previous year, general fund annual revenues were \$21,299,489 and the state shared revenue was \$4,744,597, for a total of \$26,044,086. At year end, amounts available for working capital and included in unassigned general fund balance totaled \$4,188,397, or 16%.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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	\$ 4,795,220	\$ 4,863,151	\$ 67,931
Donation & Activity Fund	232,000	276,126	44,126
WE- Energies Fund	2,005,065	2,124,838	119,773
Asset Forfeiture Fund	-	2,829	2,829
Debt Service Funds			
TIF No. 4 Debt Service Fund	360,500	698,888	338,388
TIF No. 6 Debt Service Fund	156,240	156,294	54
General Debt Service Fund	2,917,125	3,275,125	358,000
Police Debt Service Fund	1,045,166	5,585,481	4,540,315
Capital Projects Funds			
Capital Improvements Fund	6,118,232	13,707,174	7,588,942
Developer Improvements Fund	100,000	205,546	105,546
Internal Service Fund			
Health Insurance Fund	6,158,800	6,508,615	349,815

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, 2012

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, 2012, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Fund		
Emergency Medical Services Fund	\$ 361,742	Excess of expenditures over revenues
Debt Service Funds		
Police Station Debt Service Fund	108,933	Excess of expenditures over revenues
TIF No. 4 Debt Service Fund	371,371	Excess of expenditures over revenues
Capital Projects Funds		
TIF No. 8 Capital Projects Fund	57,711	Excess of expenditures over revenues
TIF No. 10 Capital Projects Fund	151,161	Excess of expenditures over revenues
TIF No. 11 Capital Projects Fund	3,185	Excess of expenditures over revenues

The Emergency Medical Services Fund deficit is anticipated to be funded with future taxes levied and future charges for services. The Police Station Debt Service Fund deficit is 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

As part of Wisconsin's Act 32 (2011), legislation was passed that 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 for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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	\$ 13,132,408	\$ 13,652,441	Custodial credit risk
U.S. securities	4,522,787	4,443,433	Custodial credit risk, interest rate risk, concentration of credit risk
Municipal bonds	749,064	749,064	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Asset backed securities	11,862,415	11,862,415	Credit risk, custodial credit risk, interest rate risk
Corporate bonds	5,802,969	5,709,419	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Local Government Investment Pool	33,776,116	33,776,116	Credit risk
Petty cash	4,135	-	N/A
Total Cash and Investments	\$ 69,849,894	\$ 70,192,888	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 35,411,489		
Restricted cash and investments	3,018,912		
Per statement of net position – fiduciary funds			
Agency	31,419,493		
Total Cash and Investments	\$ 69,849,894		

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), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest-bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. 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, 2012

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 relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, 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, 2012 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, 2012

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, 2012, 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, 2012, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In years)		
		Less than 1 year	1 - 10	> 10 years
U.S. securities	\$ 4,522,787	\$ 1,147,314	\$ 3,375,473	\$ -
Municipal bonds	749,064	191,952	557,112	-
Asset backed securities	11,862,415	531,069	4,713,407	6,617,939
Corporate bonds	5,802,969	3,930,915	1,872,054	-
External investment pools	33,776,116	33,776,116	-	-
Totals	\$ 56,713,351	\$ 39,577,366	\$ 10,518,046	\$ 6,617,939

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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	\$ 14,301,964	\$ 15,373
Paramedic Rescue Fund	3,678,160	-
Capital Improvement Fund	270,936	-
Police Station Debt Service Fund	850,000	-
Nonmajor Governmental Funds	8,052,230	1,300,393
Total	\$ 27,153,290	\$ 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 \$125,000 for an allowance for uncollectible accounts.

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes and special charges receivable for subsequent year	\$ -	\$ 22,343,241	\$ 22,343,241
Accounts receivable not collected	7,085	23,997	31,082
Special assessments not yet due	1,279,019	-	1,279,019
Grant	101,483	-	101,483
Loan receivables	8,813	-	8,813
Total Deferred/Unearned Revenue for Governmental Funds	\$ 1,396,400	\$ 22,367,238	\$ 23,763,638

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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, 2012:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Redemption account	\$ -	\$ 161,266	\$ 161,266
Reserve account	-	1,445,817	1,445,817
Impact fee account	1,376,372	-	1,376,372
Asset forfeiture account	<u>35,457</u>	<u>-</u>	<u>35,457</u>
 Total	 <u>\$ 1,411,829</u>	 <u>\$ 1,607,083</u>	 <u>\$ 3,018,912</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 21,103,154	\$ 1,884,916	\$ 36,040	\$ 22,952,030
Total Capital Assets Not Being Depreciated	21,103,154	1,884,916	36,040	22,952,030
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	16,614,126	798,888	429,805	16,983,209
Bridges	286,370	-	-	286,370
Roads	35,997,250	7,509,677	500,867	43,006,060
Sidewalks	3,454,033	-	-	3,454,033
Street lighting	3,829,253	402,562	-	4,231,815
Storm sewers	21,586,428	1,182,387	-	22,768,815
Total Capital Assets Being Depreciated	105,564,276	9,893,514	930,672	114,527,118
Less: Accumulated depreciation for				
Land improvements	(711,366)	(68,706)	-	(780,072)
Buildings	(5,087,399)	(432,085)	-	(5,519,484)
Intangible Asset – Easements	(2,700)	(2,700)	-	(5,400)
Machinery and equipment	(11,643,652)	(843,788)	401,973	(12,085,467)
Bridges	(17,184)	(2,864)	-	(20,048)
Roads	(8,495,923)	(555,990)	169,262	(8,882,651)
Sidewalks	(2,018,893)	(50,517)	-	(2,069,410)
Street lighting	(2,586,990)	(135,748)	-	(2,722,738)
Storm sewers	(9,027,744)	(421,831)	-	(9,449,575)
Total Accumulated Depreciation	(39,591,851)	(2,514,229)	571,235	(41,534,845)
Net Capital Assets Being Depreciated	65,972,425	7,379,285	359,437	72,992,273
Total Governmental Activities Assets, Net of Accumulated Depreciation	\$ 87,075,579	\$ 9,264,201	\$ 395,477	\$ 95,944,303

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 43,319
Public safety	694,084
Public works, which includes the depreciation of roads, sidewalks and storm sewers	1,597,809
Health and social services	1,205
Leisure activities	<u>177,812</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 2,514,229</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 118,444	\$ -	\$ -	\$ 118,444
Construction in progress	<u>2,728,537</u>	<u>498,265</u>	<u>3,216,695</u>	<u>10,107</u>
Total Capital Assets Not Being Depreciated	<u>2,846,981</u>	<u>498,265</u>	<u>3,216,695</u>	<u>128,551</u>
Capital assets being depreciated				
Source of supply	6,200,674	-	-	6,200,674
Pumping	6,185,484	3,013,553	53,370	9,145,667
Treatment	25,117,331	20,800	5,000	25,133,131
Transmission and distribution	57,893,456	1,084,711	601,503	58,376,664
General	<u>4,983,818</u>	<u>75,260</u>	<u>232,734</u>	<u>4,826,344</u>
Total Capital Assets Being Depreciated	<u>100,380,763</u>	<u>4,194,324</u>	<u>892,607</u>	<u>103,682,480</u>
Total Capital Assets	<u>103,227,744</u>	<u>4,692,589</u>	<u>4,109,302</u>	<u>103,811,031</u>
Less: Accumulated depreciation for				
Source of supply	(1,669,510)	(107,588)	-	(1,777,098)
Pumping	(3,055,429)	(303,693)	53,370	(3,305,752)
Treatment	(6,587,408)	(816,887)	5,000	(7,399,295)
Transmission and distribution	(12,917,154)	(978,401)	601,503	(13,294,052)
General	<u>(2,591,690)</u>	<u>(161,482)</u>	<u>236,855</u>	<u>(2,516,317)</u>
Total Accumulated Depreciation	<u>(26,821,191)</u>	<u>(2,368,051)</u>	<u>896,728</u>	<u>(28,292,514)</u>
Net Water Plant	<u><u>\$ 76,406,553</u></u>	<u><u>\$2,324,538</u></u>	<u><u>3,212,574</u></u>	<u><u>\$ 75,518,517</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 295,342	\$ -	\$ 282,197	\$ 13,145
Construction in progress	150,796	5,618	156,414	-
Total Capital Assets Not Being Depreciated	446,138	5,618	438,611	13,145
Capital assets being depreciated				
Collection system	43,167,600	460,273	2,480,616	41,147,257
Collection system pumping	260,599	3,965	21,154	243,410
General	472,128	-	12,693	459,435
Total Capital Assets Being Depreciated	43,900,327	464,238	2,514,463	41,850,102
Total Capital Assets	44,346,465	469,856	2,963,074	41,863,247
Less: Accumulated depreciation for				
Collection system	(9,283,215)	(448,563)	713,943	(9,017,835)
Collection system pumping	(241,686)	(10,305)	21,154	(230,837)
General	(302,570)	(40,840)	12,693	(330,717)
Total Accumulated Depreciation	(9,827,471)	(499,708)	747,790	(9,579,389)
Net Sewer Plant	\$ 34,518,994	\$ (29,852)	\$ 2,205,284	\$ 32,283,858
Business-type Capital Assets, Net of Depreciation	\$ 110,925,547	\$ 2,294,686	\$ 5,417,858	\$ 107,802,375

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 2,283,410
Sewer	549,564
Total Business-type Activities Depreciation Expense	\$ 2,832,977

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, 2012

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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	\$ 1,686,316	\$ -
General fund	Sewer utility	5,737	-
General fund	Emergency medical services fund	384,141	384,141
General fund	TIF # 4 Debt service fund	369,945	369,945
General fund	Developer agreement fund	4,233	4,233
General fund	TIF # 10 Debt service fund	203,450	203,450
General fund	TIF # 8 Capital projects fund	49,656	49,656
General fund	Police Station Debt service fund	108,933	108,933
Economic development fund	TIF #7 Capital projects fund	314,900	314,900
Health insurance fund	Water utility	18,594	-
Water utility	General fund	236,302	-
Sewer utility	General fund	174,951	-
Sewer utility	Special assessment fund	146,997	127,792
Water utility	Special assessment fund	<u>140,949</u>	120,418
Total – Fund Financial Statements		3,845,104	
Less: Internal service fund allocation		(24,715)	
Fund eliminations		(1,435,258)	
Government-wide eliminations		<u>(1,398,398)</u>	
Total Internal Balances – Government-Wide Statement of Net Position		<u>\$ 986,733</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, 2012

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	\$ 1,680,782	Tax equivalent
DPW debt service fund	Debt amortization fund	497,125	Finance payment of DPW debt service
Police debt service fund	Impact fee escrow fund	94,371	Finance payment of police debt service
Capital improvements fund	Impact fee escrow fund	825,000	Finance of capital improvement projects
Capital improvements fund	WE energies fund	1,000,000	Finance of capital improvement projects
Capital improvements fund	Special assessment fund	75,000	Finance of capital improvement projects
Capital improvements fund	Debt amortization fund	2,778,000	Finance of capital improvement projects
Activity & donation fund	General fund	<u>165,408</u>	Library donations
Subtotal – Fund financial statements		7,115,686	
Less: Fund eliminations		<u>(5,434,904)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 1,680,782</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, 2012

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012 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	\$ 12,975,000	\$ 15,130,000	\$ 5,775,000	\$ 22,330,000	\$ 7,225,000
Capital appreciation bonds	1,284,360	60,843	360,000	985,203	360,000
Sub-Totals	14,259,360	15,190,843	6,135,000	23,315,203	7,585,000
Add: Unamortized debt premium	-	70,366	28,253	42,113	-
Sub-Total	14,259,360	15,261,209	6,163,253	23,357,316	7,585,000
Other Liabilities					
Vested compensated absences	2,383,798	1,046,143	1,473,878	1,956,063	1,247,807
Other postemployment benefits	20,294,177	3,757,211	1,770,000	22,281,388	-
Total Other Liabilities	22,677,975	4,803,354	3,243,878	24,237,451	1,247,807
Total Governmental Activities Long-Term Liabilities	\$ 36,937,335	\$ 20,064,563	\$ 9,407,131	\$ 47,594,767	8,832,807
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
Revenue bonds	\$ 22,153,902	\$ -	\$ 1,521,018	\$ 20,632,884	\$ 1,577,137
Less: unamortized loss on refunding	(298,942)	-	(42,737)	(256,205)	(42,738)
Sub-totals	21,854,960	-	1,478,281	20,376,679	1,534,399
Other Liabilities					
Other postemployment benefits	601,269	337,567	204,000	734,836	-
Vested compensated absences	178,578	17,192	176,577	19,193	19,193
Total Business-type Activities Long-Term Liabilities	\$ 22,634,807	\$ 354,759	\$ 1,858,858	\$ 21,130,708	\$ 1,553,592

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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, 2012 was \$146,638,330. Total general obligation debt outstanding at year end was \$23,315,203.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-12</u>
Governmental Activities					
General Obligation Debt					
G.O. notes and bonds					
2006 bonds	10/15/06	10/01/16	4.00-4.50%	\$ 1,200,000	\$ 575,000
2010 bonds	4/01/10	4/01/30	1.50-4.375%	7,000,000	6,625,000
2012 bonds	2/01/12	3/01/17	1.00-1.75%	4,530,000	4,530,000
2012A notes	5/15/12	5/01/13	2.00%	6,000,000	6,000,000
2012B notes	5/01/12	5/01/15	2.00%	4,600,000	<u>4,600,000</u>
Sub-Total					22,330,000
2002 Capital appreciation bonds	12/02/02	9/01/15	3.40-4.84%	2,184,987	<u>985,203</u>
Total Governmental Activities – Notes and Bonds					<u><u>\$ 23,315,203</u></u>

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

<u>Years</u>	Governmental Activities	
	Notes and Bonds	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 7,225,000	\$ 580,796
2014	1,300,000	400,323
2015	5,950,000	331,307
2016	1,375,000	257,119
2017	1,255,000	225,762
2018-2022	1,650,000	921,155
2023-2027	2,050,000	547,218
2028-2030	1,525,000	101,641
Totals	<u><u>\$ 22,330,000</u></u>	<u><u>\$ 3,365,321</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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 capital appreciation bonds are as follows:

<u>Years</u>	<u>Governmental Activities Capital Appreciation Bonds</u>
2013	\$ 360,000
2014	360,000
2015	360,000
	<u>1,080,000</u>
Less: Interest portion	<u>(94,797)</u>
Principal Portion	<u>\$ 985,203</u>

Revenue Debt

The city has pledged future water and sewer revenues, net of specified operating expenses, to repay \$20,632,884 in revenue bonds issued in previous years. Proceeds from the bonds provided financing for capital improvements. The bonds are payable solely from revenues and are payable through December 1, 2020. The total principal and interest remaining to be paid on the bonds is \$28,095,249. Principal and interest paid for the current year and total customer net revenues were \$2,343,308 and \$5,689,155, respectively. Future principal and interest payments are expected to require 25% of net revenues.

Revenue debt payable at December 31, 2012 consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-12</u>
Water utility refunding revenue bonds	11/1/05	12/01/20	3.38-5.00%	\$ 12,130,000	\$ 7,855,000
Water utility revenue bonds	1/13/10	5/1/29	2.668%	791,863	725,907
Water utility revenue bonds	3/15/11	12/1/31	2.25-5.00%	6,500,000	6,400,000
Water utility revenue bonds	11/23/11	5/1/31	2.20%	5,889,583	5,651,977
Total Business-type Activities Revenue Debt					<u>\$ 20,632,884</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2013	\$ 1,577,137	\$ 775,769
2014	1,633,395	719,628
2015	1,689,794	659,344
2016	1,746,339	596,694
2017	1,628,032	531,849
2018 – 2022	4,825,998	1,878,206
2023 – 2027	3,862,645	1,128,761
2028 – 2031	3,669,544	349,824
Totals	<u>\$ 20,632,884</u>	<u>\$ 7,462,365</u>

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.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Current Refunding

On February 21, 2012, the city issued \$4.53 Million in general obligation bonds with an average interest rate of 1.4% to current refund \$4.625 Million of outstanding bonds with an average interest rate of 5.03%. The net proceeds of \$4.53 Million plus an additional \$95,000 sinking fund monies were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$5,801,953 from 2013 through 2017. The cash flow requirements on the 2012 general obligation refunding bonds are \$4,752,789 from 2013 through 2017. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$948,000.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

G. LEASE DISCLOSURES (cont.)

Lessor – Capital Leases – Business-type Activities

The water utility entered into a 15-year capital lease with Black Bear Bottling Group, LLC for equipment to be used in its bottling operations. The lease is dated April 26, 2001 with payments to be received in the amount of \$1,970 per month at 8.5% interest beginning on November 1, 2001 and terminating on October 31, 2016. In accordance with the lease agreement, the balance due can be paid off early with no penalties. On April 30, 2012, Black Bear paid the remainder of this lease in full, with accrued interest, in the amount of \$90,729. Therefore, there are no future lease payments remaining as of December 31, 2012.

The water utility entered into a 15-year capital lease with Black Bear Bottling Group, LLC for label equipment to be used in their bottling operation. The lease is dated July 30, 2002 with payments to be received in the amount of \$333 per month at 0% interest beginning on April 1, 2002 and terminating on March 1, 2017. In accordance with the lease agreement, the balance due can be paid off early with no penalties. On April 30, 2012, Black Bear paid the remainder of this lease in full, with accrued interest, in the amount of \$20,000. Therefore, there are no future lease payments remaining as of December 31, 2012.

The water and sewer utility entered into an operating lease with Black Bear Bottling Group, LLC (Black Bear) for office and warehouse space in a utility-owned building to be used for their bottling operations. The original lease commenced on November 1, 2001 and two amendments to the original lease extended the termination date to March 31, 2020. However, Black Bear exercised its option to purchase the building during 2012, terminating the lease early. The utility sold the building to Black Bear on May 16, 2012. This building had an original cost of \$2,220,010, a net book value of \$1,766,673 at the time of sale and a depreciation accrual of \$22,200 during the year 2012. One hundred percent of the space in this building was leased by Black Bear until the time of sale. Since the building is no longer owned by the utility and the lease agreement has been terminated as of December 31, 2012, there are no future lease payments remaining.

The water utility entered into a 15-year promissory note with Black Bear for equipment to be used in their bottling operations. The note is dated October 30, 2002 with payments to be received in the amount of \$2,867 per month at 8% interest beginning on January 1, 2003 and terminating on December 1, 2017. In accordance with the promissory note agreement, the balance due can be paid off early with no penalties. On April 30, 2012, Black Bear paid the remainder of this note in full, with accrued interest, in the amount of \$160,245. Therefore, there are no future payments remaining as of December 31, 2012.

The water utility entered into a 10-year promissory note with Black Bear to be used for its bottling operations. The note is dated February 19, 2009 with payments to be received in the amount of \$2,220 per month at 6% interest beginning on March 1, 2009 and terminating on February 1, 2019. In accordance with the promissory note agreement, the balance due can be paid off early with no penalties. On April 30, 2012, Black Bear paid the remainder of this note in full, with accrued interest, in the amount of \$152,031. Therefore, there are no future payments remaining as of December 31, 2012.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

G. LEASE DISCLOSURES (cont.)

Lessor – Operating Leases – Business-type Activities (cont.)

The water and sewer utility has entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), Cingular Wireless (CW), 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, 2012, March 1, 2015, January 24, 2013, February 26, 2016 and January 24, 2018 for VW, SSLP, AT&T, CC and TM, respectively. Minimum future lease rentals are as follows:

2013	\$ 175,506
2014	172,880
2015	144,794
2016	61,913
2017	36,357
2018	1,928

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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, 2012 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 22,952,030
Other capital assets, net of accumulated depreciation	72,992,273
Less: Related long-term debt outstanding (excluding non-capital debt)	<u>(22,963,754)</u>
Total Net Investment in Capital Assets	<u>72,980,549</u>
Restricted	
Debt service	2,664,682
TID activity	2,165,796
Impact fee escrow	1,376,372
Park escrow	478,574
Storm Water	434,554
Donation and activity	328,224
Developer agreement	17,021
Asset forfeiture	35,457
Low income loans	<u>7,773</u>
Total Restricted	<u>7,508,453</u>
Unrestricted	
	<u>(7,588,236)</u>
Total Governmental Activities Net Position	<u>\$ 72,900,766</u>

Governmental fund balances reported on the fund financial statements at December 31, 2012 include the following:

Nonspendable Fund Balance

Major Funds	
General Fund	
Inventories	\$ 143,922
Delinquent personal property taxes	8,288
Non-current receivables from other funds	<u>1,120,358</u>
Total General Fund	<u>1,272,568</u>
Total Nonspendable Fund Balance	<u>\$ 1,272,568</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted Fund Balance

Non-Major Funds

Special Revenue Funds	
Donation and Activity	\$ 328,224
Low Income Loan	7,773
Park Escrow	478,574
Impact Fee Escrow	1,376,372
Asset Forfeiture	35,457
Storm Water	434,554
Debt Service Funds	
DPW Debt Service	500
Debt Amortization	2,068,721
TID No. 5 Debt Service	324,931
TID No. 6 Debt Service	511,403
Capital Projects Funds	
Developer Agreement	17,021
TID No. 7 Capital Projects	2,104,181
TID No. 9 Capital Projects	61,615

Total Restricted Fund Balance \$ 7,749,326

Committed Fund Balance

Non-Major Funds

Special Revenue Funds	
Solid Waste	\$ 158,048
WE Energies	964,440
Special Assessment	1,331,733
Economic Development	582,860

Total Committed Fund Balance \$ 3,037,081

Assigned Fund Balance

Major Funds

General Fund	
Subsequent year's budget appropriations	\$ 200,000
Tax equivalent for subsequent year	1,680,782
Accumulated sick time payout	200,000
Total General Fund	<u>2,080,782</u>

Capital Improvement Fund 5,925,698

Total Assigned Fund Balance \$ 8,006,480

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unassigned Fund Balance

Major Funds	
General Fund	\$ 4,188,397
Emergency Medical Services Fund (deficit)	(361,742)
Police Station Debt Services Fund (deficit)	(108,933)
Total Major Funds	<u>3,717,722</u>
Non-Major Funds	
Debt Service Funds	
TID No. 4 Debt Service (deficit)	(371,371)
Capital Projects Funds	
TID No. 8 Capital Projects (deficit)	(57,711)
TID No. 10 Capital Projects (deficit)	(151,161)
TID No. 11 Capital Projects (deficit)	(3,185)
Total Non-major Funds	<u>(583,428)</u>
Total Unassigned Fund Balance	<u>\$ 3,134,294</u>

Business-type Activities

Net Investment in Capital Assets	
Land and land rights	\$ 131,589
Construction in progress	10,107
Other capital assets, net of accumulated depreciation	107,660,679
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(20,367,241)
Total Net Investment in Capital Assets	<u>87,435,134</u>
Restricted	
Debt service	<u>1,554,151</u>
Unrestricted	
Total Business-type Activities Net Position	<u>\$ 103,194,707</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

Prior to June 29, 2011, covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after July 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 contributions are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	5.9%
Protective without Social Security	5.9%	11.3%

The payroll for city employees covered by the system for the year ended December 31, 2012 was \$17,194,475; the employer's total payroll was \$18,370,029. The total required contribution for the year ended December 31, 2012 was \$2,857,282 or 16.6% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$2,933,197 and \$2,710,708, 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. 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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

immediately vested. Participants who initially become WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System 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, 2012 there was no pension related debt for the city.

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 \$6,187,573 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. \$220,669 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	\$ 466,780	\$ 549,192
Current year claims and changes in estimates	5,833,017	4,915,306
Claim payments	(5,750,605)	(4,988,399)
Unpaid Claims – End of Year	\$ 549,192	\$ 476,099

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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 at 9898 West Bluemound Road, Wauwatosa, WI 53226.

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

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, 2012

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	\$ 4,481,835
Interest on net OPEB obligation	679,102
Adjustment to annual required contribution	<u>(1,066,159)</u>
Annual OPEB cost	4,094,778
Contributions made	<u>(1,974,000)</u>
Increase in net OPEB obligation (Liability)	2,120,778
Net OPEB Obligation (Liability) – Beginning of Year	<u>20,895,446</u>
Net OPEB Obligation (Liability) – End of Year	<u><u>\$ 23,016,224</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 4,094,778	48.2%	\$ 23,016,224
12/31/2011	8,414,671	21.8%	20,895,446
12/31/2010	8,096,390	22.1%	14,315,775

The funded status of the plan as of December 31, 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, 2012

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a four 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, 2012, 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 2012, 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 GASB Statement No. 61, The Financial Reporting Entity: Omnibus; Statement No. 65, Items Previously Reported as Assets and Liabilities; Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62; Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25; and Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. Application of these standards may restate portions of these financial statements.

G. SUBSEQUENT EVENTS

In March 2013, the City issued \$5.825 million of General Obligation Refunding Bonds. The proceeds of these bonds will be used to refund the remaining balance on the General Obligation Promissory Notes, dated May 15, 2012.

In March 2013, the City issued \$3.0 million of General Obligation Promissory Notes. The proceeds of these notes will be used to finance construction projects.

In April 2013, the Water Utility issued \$2,598,203 of Waterworks System Revenue Bonds. The proceeds of these bonds will be used to finance the Water Treatment Plant Standby Electrical Generation project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 13,145,595	\$ 13,147,170	\$ 1,575
Motel room tax	400,000	400,000	-
Mobile home taxes	80,000	66,500	(13,500)
Other taxes	38,000	50,659	12,659
TOTALS	<u>13,663,595</u>	<u>13,664,329</u>	<u>734</u>
INTERGOVERNMENTAL REVENUES			
Shared taxes from state	2,898,600	2,911,243	12,643
State transportation aids	1,480,715	1,480,715	-
State computer aids	136,000	81,202	(54,798)
Other state aids	5,000	4,514	(486)
Police grants	123,580	126,104	2,524
Development CDBG grants	25,000	19,745	(5,255)
TOTALS	<u>4,668,895</u>	<u>4,623,523</u>	<u>(45,372)</u>
REGULATION AND COMPLIANCE			
Licenses			
Liquor and beer	32,650	31,696	(954)
Publishing fees	750	800	50
Operators	17,000	18,505	1,505
Amusement devices	6,000	10,125	4,125
Amusement operators	2,800	1,200	(1,600)
Electrical	4,500	4,230	(270)
Miscellaneous - business	8,000	10,710	2,710
Miscellaneous - non-business	100	56	(44)
DATCP	13,900	16,011	2,111
FSRL	44,200	43,014	(1,186)
Landfill	1,025	1,900	875
Permits			
Building	232,000	190,646	(41,354)
Electrical	70,000	56,108	(13,892)
Plumbing	55,000	41,342	(13,658)
Street opening	13,000	9,078	(3,922)
Erosion control	8,000	7,253	(747)
Sundry	400	1,915	1,515
Cable TV	360,000	364,514	4,514
AT&T video service	85,000	109,311	24,311
Court fines	428,000	381,681	(46,319)
TOTALS	<u>1,382,325</u>	<u>1,300,095</u>	<u>(82,230)</u>
PUBLIC CHARGES FOR SERVICES			
General Government			
Property status letter fees	4,500	6,120	1,620
Photo copies sold	2,000	1,234	(766)
Postage reimbursement	100	2	(98)
Zoning/housing appeal fees	500	750	250
Rezoning petitions and filing fees	1,000	775	(225)
Right of way vacation fees	-	575	575
Special use request fees	5,000	4,400	(600)
Filing fee - certified survey maps	4,500	7,775	3,275
Plan commission agenda fees	7,000	5,300	(1,700)

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, 2012

	Original and		Variance with
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
PUBLIC CHARGES FOR SERVICES (cont.)			
General Government (cont.)			
Subdivision plat fees	\$ 500	\$ -	\$ (500)
Maps sold	100	-	(100)
Public Safety			
State DWI seizures	1,600	3,474	1,874
Police patrol service fees	2,000	3,398	1,398
Miscellaneous fees	2,500	1,415	(1,085)
Copies of police and fire reports	2,200	3,683	1,483
False alarm penalties	2,500	5,650	3,150
Health and Sanitation			
Health Department			
Clinic fees	22,000	20,320	(1,680)
Pet license fees/Humane Society	15,000	14,831	(169)
Public Works			
Weed cutting	15,000	17,105	2,105
Sale of culvert pipe	10,000	6,835	(3,165)
Culvert installation	2,500	140	(2,360)
Library			
Other income	19,500	17,547	(1,953)
Photocopies	5,000	6,094	1,094
Recreation	160,000	187,260	27,260
Sanitarian			
Pre-inspection	-	10	10
Regular service fee	2,500	2,449	(51)
Miscellaneous charges for services	<u>2,100</u>	<u>4,840</u>	<u>2,740</u>
TOTALS	<u>289,600</u>	<u>321,982</u>	<u>32,382</u>
INVESTMENT INCOME			
Investment Income			
Investments	450,000	454,492	4,492
Taxes	<u>91,720</u>	<u>97,421</u>	<u>5,701</u>
TOTALS	<u>541,720</u>	<u>551,913</u>	<u>10,193</u>
MISCELLANEOUS INCOME			
Land rentals	290	100	(190)
T-Mobile lease	23,900	28,300	4,400
AT&T American tower lease	24,000	22,000	(2,000)
Verizon lease	25,500	25,537	37
Insurance incentives	60,000	69,171	9,171
Insurance recoveries	11,500	11,934	434
P-card rebates	6,535	8,060	1,525
Miscellaneous revenues	<u>5,000</u>	<u>25,956</u>	<u>20,956</u>
TOTALS	<u>156,725</u>	<u>191,058</u>	<u>34,333</u>
INTERFUND CHARGES FOR SERVICES			
Engineering and administration charged to capital projects	144,000	114,189	(29,811)
Engineering and administration charged to TID projects	25,000	87,842	62,842
Highway equipment service fee	20,000	112	(19,888)
Administrative services charged to enterprise funds	<u>45,000</u>	<u>45,000</u>	<u>-</u>
TOTALS	<u>234,000</u>	<u>247,143</u>	<u>13,143</u>
TOTAL REVENUES	<u>20,936,860</u>	<u>20,900,043</u>	<u>(36,817)</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
General government	\$ 3,396,810	\$ 3,522,864	\$ (126,054)
Building maintenance	612,915	567,524	45,391
City administrator	247,685	244,950	2,735
Data processing	708,225	715,521	(7,296)
City clerk	252,250	233,479	18,771
Treasurer	221,015	219,019	1,996
Finance	311,895	306,436	5,459
Assessor	234,190	224,579	9,611
Attorney and legal	284,605	207,973	76,632
Community development	291,290	310,969	(19,679)
TOTALS	<u>6,560,880</u>	<u>6,553,314</u>	<u>7,566</u>
PUBLIC SAFETY			
Police department	8,672,930	8,701,935	(29,005)
Emergency operations	31,200	13,312	17,888
Fire department	1,333,135	1,404,595	(71,460)
Inspection	656,970	525,446	131,524
Other	177,985	162,325	15,660
TOTALS	<u>10,872,220</u>	<u>10,807,613</u>	<u>64,607</u>
HEALTH AND SOCIAL SERVICES			
Health department	657,950	545,060	112,890
TOTALS	<u>657,950</u>	<u>545,060</u>	<u>112,890</u>
PUBLIC WORKS			
Engineering	820,220	728,908	91,312
Streets	2,986,145	2,569,806	416,339
TOTALS	<u>3,806,365</u>	<u>3,298,714</u>	<u>507,651</u>
LEISURE ACTIVITIES			
Recreation	1,283,550	1,116,935	166,615
Library	852,980	813,477	39,503
TOTALS	<u>2,136,530</u>	<u>1,930,412</u>	<u>206,118</u>
TOTAL EXPENDITURES	<u>24,033,945</u>	<u>23,135,113</u>	<u>898,832</u>
OTHER FINANCING SOURCES (USES)			
Sale of city equipment	10,000	17,865	7,865
Transfer in	292,100	-	(292,100)
Transfer in - tax equivalent	1,625,000	1,680,782	55,782
Transfer out	-	(165,408)	(165,408)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,927,100</u>	<u>1,533,239</u>	<u>(393,861)</u>
Net Change in Fund Balance	(1,169,985)	(701,831)	468,154
FUND BALANCE - Beginning of Year	<u>8,243,578</u>	<u>8,243,578</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,073,593</u>	<u>\$ 7,541,747</u>	<u>\$ 468,154</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 3,551,590	\$ 3,551,590	\$ -
Intergovernmental	140,400	129,663	(10,737)
Public charges for services	1,066,500	966,515	(99,985)
Investment income	2,000	-	(2,000)
Miscellaneous	-	101	101
Total Revenues	<u>4,760,490</u>	<u>4,647,869</u>	<u>(112,621)</u>
EXPENDITURES			
Public Safety	<u>4,795,220</u>	<u>4,863,151</u>	<u>(67,931)</u>
Total Expenditures	<u>4,795,220</u>	<u>4,863,151</u>	<u>(67,931)</u>
Excess (deficiency) of revenues over expenditures	(34,730)	(215,282)	(180,552)
FUND BALANCE (Deficit) - Beginning of year	<u>(146,460)</u>	<u>(146,460)</u>	-
FUND BALANCE (Deficit) - ENDING OF YEAR	<u>\$ (181,190)</u>	<u>\$ (361,742)</u>	<u>\$ (180,552)</u>

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

CITY OF OAK CREEK

OTHER POST EMPLOYMENT BENEFITS PLAN - HEALTH CARE

SCHEDULE OF FUNDED STATUS

For the Year Ended December 31, 2012

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)
12/31/12	\$ -	\$ 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%

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

CITY OF OAK CREEK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2012

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 report 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.

APPENDIX B
PROPOSED FORM OF LEGAL OPINION
FOR THE NOTES

October 15, 2013

Re: City of Oak Creek, Wisconsin ("Issuer")
\$10,525,000 Taxable General Obligation Promissory Notes,
dated October 15, 2013 ("Notes")

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

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

The Notes are numbered from R-1 and upward; bear interest at the rate of 1.625% per annum; and mature on October 1, 2015. Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2014.

The Notes are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2015 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

In order to comply with Treasury Circular 230, we are required to inform you that unless we have specifically stated to the contrary in writing, any advice contained in this opinion concerning tax issues or submissions is not intended to be used, and cannot be used, by the taxpayer for the purpose of avoiding any tax penalties that may be imposed upon the taxpayer by any governmental taxing authority or agency.

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

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

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APPENDIX C

CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Oak Creek, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$10,525,000 Taxable General Obligation Promissory Notes, dated October 15, 2013 (the "Securities"). The Securities are being issued pursuant to a Resolution adopted by the Governing Body of the Issuer on October 1, 2013 (the "Resolution") and delivered to Hutchinson, Shockey, Erley & Co. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the final Official Statement dated October 1, 2013 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

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

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

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

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2013, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

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

Section 5. Reporting of Material Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the Issuer delivers to the MSRB an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate constituting the Undertaking may be amended without the consent of the holders of the Securities, but only upon the delivery by the Issuer to the MSRB of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses

to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 15th day of October, 2013.

Stephen Scaffidi
Mayor

(SEAL)

Catherine A. Roeske
City Clerk

