



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

CITY OF WHITEWATER

**AUDITED FINANCIAL
STATEMENTS**

For the Year Ended December 31, 2013

Quality service through our commitment to clients and staff.

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City of Whitewater

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Certified Public Accountants

406 Science Drive, Suite 100 ▲ Madison, Wisconsin 53711-1097 ▲ TEL 608-274-2002 ▲ FAX 608-274-4320

INDEPENDENT AUDITOR'S REPORT

April 15, 2014

To the City Council
City of Whitewater
Whitewater, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Whitewater, Wisconsin, as of and for the year ended December 31, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Whitewater, Wisconsin, as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as identified 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.

Report on Supplemental Information

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
FOR 2013**



CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2013

The management of the City of Whitewater offers all persons interested in the financial condition of the City to review this narrative overview and analysis of the City's financial performance during the fiscal year ending December 31, 2013. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained here will focus primarily on the governmental operations of the city.

FINANCIAL HIGHLIGHTS

The City's total net position increased \$938,676 or 1.45% from the prior year. The net position for governmental activities increased \$1,208,852 while the net position of the business-type activities declined by \$270,176.

The assets of the City of Whitewater exceeded its liabilities and deferred inflows of resources as of December 31, 2013 by \$53,213,664 (net position). Of this amount, \$4,053,315 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The breakout of the unrestricted net position is \$1,582,099 and \$2,471,216 for governmental and business-type activities, respectively.

As of December 31, 2013, the City of Whitewater's governmental funds reported combined ending fund balances of \$6,329,865, a decrease of \$362,682 in comparison with the prior year. Approximately 24.9% of this total, or \$1,575,823 (unassigned fund balance), is available for spending at the government's discretion.

The city's water utility had an operating income in 2013 of \$351,658. Unrestricted net position declined by \$164,968. The water utility's total net position increased by \$20,101 to \$10,815,294. The water utility filed a formal rate case application with the Public Service Commission (PSC) on April 29, 2011. The rate application was contested by our largest industrial water customer. The Final Decision on the rate application was approved on November 11, 2011. Water rates were last increased on November 23, 2011. In 2011, the water utility rates were increased by an average of 23%. The approved Rate of Return is 6%. For 2012, the Rate of Return equaled 2.84%. No rate adjustment was made in 2012 or 2013. The utility anticipates filing a Simplified Rate Case application with the Wisconsin PSC in April, 2014. The 2014 approved rate factor is 3.0%. If approved, the increase would be effective with water usage after June 26.

The wastewater utility had an operating loss of \$200,215 in 2013. The utility's total net position decreased by \$407,057. The wastewater utility increased rates by 3% effective March 1, 2004; by 7% on December 1, 2004; by 5% effective December 1, 2005; by 7% effective December 1, 2006; by 7% effective on September 1, 2007; by 7% on September 1, 2008 and by 5.0% on December 1, 2009; by 7% on December 31, 2010 and by 13.65% on July 1, 2011. No rate adjustment was made in 2012. Rates were increased by 3% on March 1, 2013. It is anticipated that rates will be adjusted by 3% effective on May 27, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

- This annual report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the City:
 - The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
 - The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

- o The governmental fund statements tell how general government services like public safety and public works were financed in the short-term as well as what remains for future spending.

These financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net Position – the difference between the City's assets and liabilities and deferred inflows of resources – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The government-wide financial statements include not only the City of Whitewater itself (known as the primary government), but also the City of Whitewater Community Development Authority (component unit). The authority does not issue separate financial statements.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 40 individual governmental funds. Several of the funds are included with the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and the TIF District #4 Fund, all of which are considered to be major funds. Data from the other governmental funds are split between the non-major special revenue funds and the non-major capital project funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains 3 different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Proprietary Enterprise Funds are the Water, Wastewater, and Stormwater Utilities. The Stormwater Utility was established in the 4th quarter of 2007.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The city is a trustee, or fiduciary, for the collection of all property taxes within the city for all taxing jurisdictions including the Whitewater Unified School District, Walworth and Jefferson counties, Gateway and Madison Area Technical College, and the State of Wisconsin. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. These two statements report the City's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

The largest portion of the City's (governmental and business-type activities) net position (approximately 78.94%) represents its investments in capital assets, less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF WHITEWATER, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2013 and 2012

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

CITY OF WHITEWATER'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	12,939,856	13,444,537	5,882,219	5,989,748	18,822,075	19,434,285
Capital Assets	<u>38,040,457</u>	<u>38,324,698</u>	<u>32,499,074</u>	<u>33,523,350</u>	<u>70,539,531</u>	<u>71,848,048</u>
Total Assets	<u>50,980,313</u>	<u>51,769,235</u>	<u>38,381,293</u>	<u>39,513,098</u>	<u>89,361,606</u>	<u>91,282,333</u>
Non-Current Liabilities	18,312,147	20,450,112	7,449,548	8,373,542	25,761,695	28,823,654
Other Liabilities	<u>4,136,613</u>	<u>4,116,928</u>	<u>1,195,041</u>	<u>1,132,677</u>	<u>5,331,654</u>	<u>5,249,605</u>
Total Liabilities	<u>22,448,760</u>	<u>24,567,040</u>	<u>8,644,589</u>	<u>9,506,219</u>	<u>31,093,349</u>	<u>34,073,259</u>
Deferred Inflows of Resources	5,054,593	4,934,087	-	-	5,054,593	4,934,087
Net Position:						
Net Investment in Capital Assets	19,155,457	16,123,059	24,694,317	24,804,472	43,849,774	40,927,531
Restricted	2,238,180	3,992,264	2,571,171	2,543,200	4,809,351	6,535,464
Unrestricted	<u>2,083,323</u>	<u>2,152,785</u>	<u>2,471,216</u>	<u>2,659,207</u>	<u>4,554,539</u>	<u>4,811,992</u>
TOTAL NET POSITION	<u>23,476,960</u>	<u>22,268,108</u>	<u>29,736,704</u>	<u>30,006,879</u>	<u>53,213,664</u>	<u>52,274,987</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION	<u>50,980,313</u>	<u>51,769,235</u>	<u>38,381,293</u>	<u>39,513,098</u>	<u>89,361,606</u>	<u>91,282,333</u>

Net Position: The City of Whitewater's combined net position increased 1.80% between fiscal years 2012 and 2013 to \$53,213,664. 55.88% of the 2013 net position are business-type activities of the City Water, Wastewater, and Stormwater Utilities. The governmental activities had a increase in net position-\$1,208,852 for the year, while the business-type activities experienced a decrease of 270,176.

ASSETS: Governmental Activities: Taxes Receivable increased by \$142,855. Special Assessment Receivable, Accounts Receivables, and Other Receivables increased by \$82,050. Due from Other Governmental Units declined by \$457,751. The decline is due primarily to the completion of the EDA-Innovation Center grant reimbursement. The remaining balance due on the EDA grant-\$370,498-was collected in January 2013.

LIABILITIES: Governmental Activities: Non-Current Liabilities decreased by \$2,137,965. Deferred inflows of resources increased by \$120,506. Due to Component Unit equals \$750,000 which represents the advance from the CDA-Fd 910 for the building of the Innovation Center. The Innovation Center is an asset of the CDA. The net book value of the Innovation Center as of 12/31/13 was \$5,722,390.

CITY OF WHITEWATER, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2013 and 2012

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

**CITY OF WHITEWATER
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Combined-Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,349,964	1,208,315	4,256,163	4,516,777	5,606,127	5,725,092
Operating grants and contributions	1,348,035	1,699,956	2,413	34,789	1,350,448	1,734,745
Capital grants and contributions	1,894	59,012	60,667	31,963	62,561	90,975
General Revenues:						
Property Taxes	4,628,910	4,477,495	-	-	4,628,910	4,477,495
Other Taxes	113,753	157,680	-	-	113,753	157,680
Intergovernmental	3,734,674	3,772,513	-	-	3,734,674	3,772,513
Investment Income	20,313	29,592	7,083	8,303	27,396	37,895
Miscellaneous	858,869	492,603	-	-	858,869	492,603
Total Revenues	12,056,412	11,897,166	4,326,326	4,591,832	16,382,738	16,488,998
Expenses:						
General government	1,616,705	1,692,300	-	-	1,616,705	1,692,300
Public Safety	4,470,621	4,316,349	-	-	4,470,621	4,316,349
Public Works	2,218,394	2,149,855	-	-	2,218,394	2,149,855
Leisure activities	1,752,251	1,750,098	-	-	1,752,251	1,750,098
Conservation and Development	141,430	169,583	-	-	141,430	169,583
Interest and fiscal charges	761,338	708,856	232,291	195,000	993,629	903,856
Special item	61,803	-	-	-	61,803	-
Water Utility	-	-	1,357,825	1,282,925	1,357,825	1,282,925
Sewer Utility	-	-	2,503,256	2,290,893	2,503,256	2,290,893
Stormwater Utility	-	-	328,148	302,449	328,148	302,449
Total Expenses	11,022,542	10,787,041	4,421,520	4,071,267	15,444,062	14,858,308
Increases in net position before transfers	1,033,870	1,110,125	(95,194)	520,565	938,676	1,630,690
Transfers	174,982	127,720	(174,982)	(239,523)	-	(111,803)
Increase (decrease) in net position	1,208,852	1,237,845	(270,176)	281,042	938,676	1,518,887
NET Position-January 1-Restated	22,268,108	21,030,263	30,006,879	29,725,837	52,274,987	50,756,100
Change in Net Position due to Restatement	-	-	-	-	-	-
Net Position-December 31	23,476,960	22,268,108	29,736,703	30,006,879	53,213,663	52,274,987

Change in Net Position: The City's 2013 revenues for both governmental and business-type activities total \$16,382,738 and expenses total \$15,382,259. These totals plus transfers resulted in an increase in net position of \$938,677. Net position increased by \$1,208,852 for **governmental activities**. The primary cause of the increase was due to property taxes & miscellaneous revenues of \$151,415 & \$366,266 respectively. Program revenues decreased \$267,390 due to a decline in capital grants and contributions; general revenues increased by \$426,636 while total expenses increased \$173,698.

CITY OF WHITEWATER, WISCONSIN

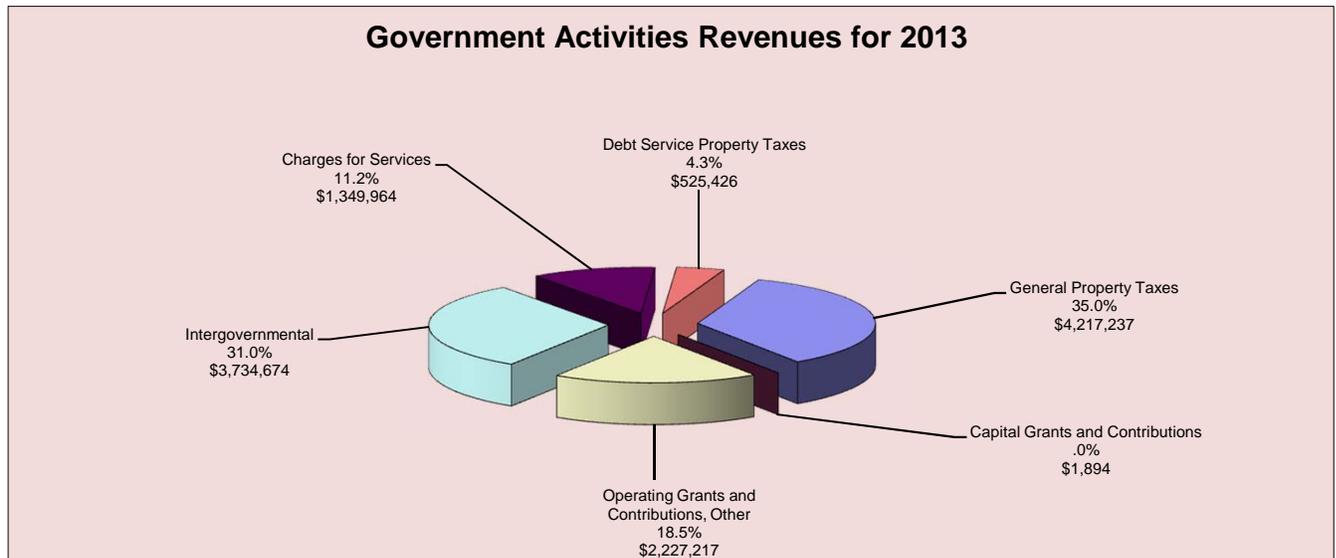
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

For Year Ended December 31, 2013 and 2012

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

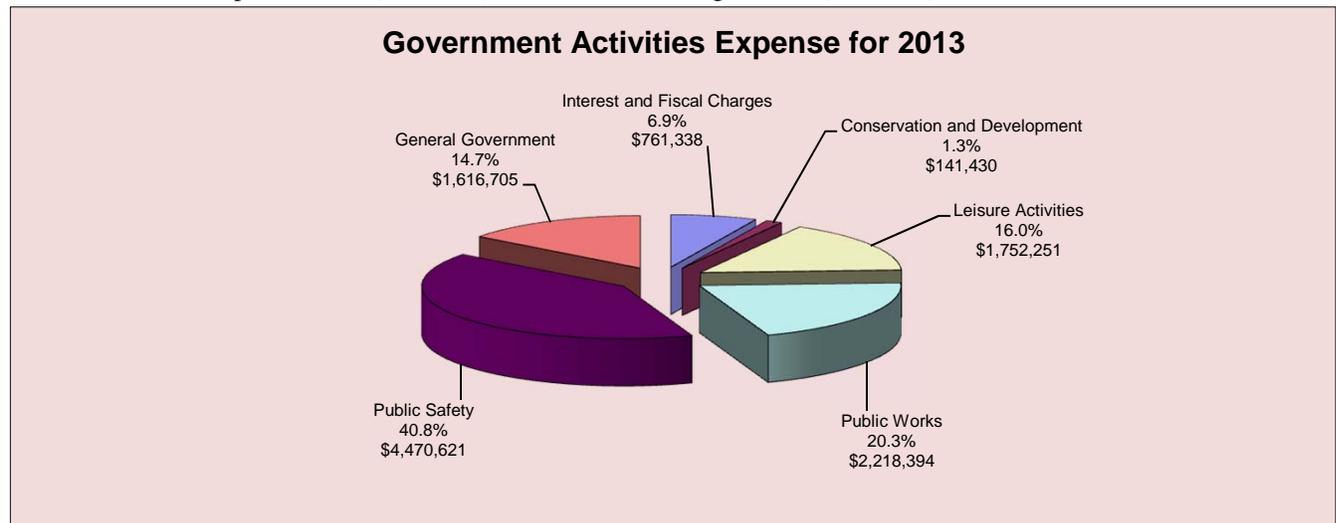
Governmental Activities:

Revenues for the City of Whitewater's governmental activities total \$12,056,412 with intergovernmental revenues (*largely state shared-revenues*) being the largest revenue source for governmental activities, accounting for 31.0% (\$3,734,674) of total revenues. Taxes have been broken out into two categories, debt service property taxes and general property taxes. The tax collected for debt service property taxes, which is 4.3% (\$525,426) of total revenues, were collected to pay for the principal and interest due in 2013. General property taxes accounted for 35.0% (\$4,217,237) of governmental revenues in 2013. Charges for services contributed 11.2% (\$1,349,964); operating/capital grants, other taxes, interest income, contributed 18.5% (\$2,227,217) of the total revenues. Capital grants were \$59,012 of revenues.



Total Revenues = \$12,056,412

Governmental activities expenditures total \$10,960,739. Public Safety activities amount for 40.8% (\$4,470,621), or the largest single portion of expenditures. Public Safety includes Police, Fire, Rescue, Crash and Building Inspections. Public Works, General Government and Leisure activities account for 20.3% (\$2,218,394), 14.7% (\$1,616,705), and 16.0% (\$1,752,251) respectively of total expenditures for 2013. Conservation/Development--1.3% (\$141,430); Interest/Fiscal Charges--6.9% (\$761,338).



Total Expenses = \$10,960,739

CITY OF WHITEWATER, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

For Year Ended December 31, 2013 and 2012

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Governmental Activities (cont.)

The following table presents the total cost of each of the City's activities as well as their net cost. The net costs are the total costs less fees generated by the activities plus operating and capital grants and contributions. The net cost shows the financial burden placed on City taxpayers or indirect revenue sources by each of these activities. The cost of all governmental activities during 2013 was \$10,960,739. However, the amount paid through the City's property tax was only \$4,742,663. The breakout of property taxes are \$2,429,583 (General Properties), \$525,426 (Debt Service); \$1,643,105 (TIF Districts); \$144,549 (Other Taxes). Some of the costs were paid by:

- Those directly benefiting from the programs-Charges for Service/Fees/Permits - (\$853,163)
- State of Wisconsin Shared Revenue-Aidable - (\$2,836,917)
- Utility Shared Revenues-State of Wisconsin - (\$500,799)
- State Aids-Roads/Highways - (\$602,170)
- Fines, Forfeitures and Violations - (\$331,982)

	<u>Cost of Services</u>	<u>Charges for Services, Operating & Capital Grants, Contributions</u>	<u>Net Cost of Services</u>
General Government	1,616,705	249,850	1,366,855
Public Safety	4,370,621	1,116,281	3,254,340
Public Works	2,173,051	791,835	1,381,216
Culture and Recreation	1,752,251	447,358	1,304,893
Conservation and Development	141,430	94,569	46,861
Interest and Fiscal Charges	761,338	-	761,338
Capital Outlays	145,343	-	145,343
Total	<u>10,960,739</u>	<u>2,699,893</u>	<u>8,260,846</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

General Fund: The general fund is the primary operating fund of the City. The general fund fund-balance decreased \$12,051 to \$2,552,071 which represents 27.02% of the expenditures for calender/budget year 2014 expenses. Of that amount, \$1,656,239 or 64.9% is unassigned.

Debt Service Fund: The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

TIF District No. 4-Capital Projects: This fund's purpose is to generate a tax increment to be used to cover the project plan expenditures. The expenditure period for TID # 4 closed on September 12,2012. Projected final closure of the TID is projected to be in 2022.

CITY OF WHITEWATER, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

For Year Ended December 31, 2013 and 2012

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

WATER, WASTEWATER AND STORMWATER UTILITY

The **Water Utility** earned a 2.84% return on its rate base in 2013 compared to 7.43% in 2012. The water utilities (GAAP Basis) operating revenues declined \$179,237 to \$1,706,404 and the operating expenses increased by \$71,822 to \$1,354,746. The primary reason for the decrease in operating revenues was due to the reduced amount of electric generation produced by the Cogentrix power plant. The Cogentrix power plant water usage decreased by 93,861,000 gallons or 30.94% in 2013. Total usage for the Cogentrix power plant was 209,497,000 or 40.89% of the water sold. Charges for services attributed to the Cogentrix power plant decreased by \$133,282 to \$308,477.

The **Wastewater Utility** operating income declined from \$5,236 in 2012 to (\$200,215) in 2013. Charges for services increased \$5,025 to \$2,301,153. Wastewater rates were adjusted by 3% on March 1, 2013. The **Stormwater Utility** operating revenues increased by \$79,229 to \$412,803. The operating income was \$86,461 in 2013. The monthly charge is \$4.75 per ERU (Equivalent Runoff Unit). Most residential properties equal 1.0 ERU. The Stormwater utility ERU monthly rate was increased from \$4.08 to \$4.75 as of March 1, 2013. The increase provided funding for the debt service costs of improvements.

	<u>Operating Revenues</u>		<u>Operating Expenses</u>		<u>Operating Income (Loss)</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Water Utility	\$ 1,706,404	1,885,641	1,354,746	1,282,924	351,658	602,717
Wastewater Utility	2,301,153	2,296,128	2,501,368	2,290,892	(200,215)	5,236
Stormwater Utility	412,803	333,574	326,342	302,448	86,461	31,126

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Activities

	<u>2013</u>	<u>2012</u>	<u>Total Change</u>
Land/Right of Way/Improvements	4,858,080	4,866,173	(8,093)
Construction in Progress	334,206	52,974	281,232
Traffic and street lights	682,377	# 709,008	(26,631)
Buildings and Improvements	7,268,643	7,505,351	(236,708)
Machinery & Equipment	2,194,367	2,415,204	(220,837)
Streets/Sidewalks/C & G/Storm	<u>22,702,784</u>	<u>22,775,988</u>	<u>(73,204)</u>
Capital Assets, Net of Depreciation	<u>38,040,457</u>	<u>38,324,698</u>	<u>(284,241)</u>

In the governmental-wide financial statement, fixed assets are accounted for as capital assets. Capital assets are defined as assets with an initial cost of more than \$5,000 for general assets and infrastructure assets. Prior to January 2003, infrastructure assets of the City of Whitewater's governmental activities were not capitalized. The City has retroactively reported significant infrastructure networks acquired by its governmental activities for streets (including curb and gutter) and sidewalks, lighting and easements. The dams were considered to be immaterial to the government-wide financial statements. Storm sewers have been retroactively reported in 2007.

The City (Primary Government) had capital assets of \$38,040,457 in the governmental activities and \$32,499,074 in the business-like activities for a total of \$70,539,531 at the end of 2013. The largest investment in capital assets was infrastructure, including streets, curb & gutter, sidewalks, storm sewers, sewer mains, sewer laterals, water mains and hydrants. Of the total City of Whitewater capital assets, the governmental activities account for 53.93% and the business-type activities total 46.07%. The business-type activities represent the water utility with 36.62%, the wastewater utility having 52.75%, and the stormwater utility 10.63% of the capital assets.

CITY OF WHITEWATER, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

For Year Ended December 31, 2013 and 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

BUSINESS-TYPE ACTIVITIES			
	2013	2012	Change
Water			
Land and Land Rights	\$ 6,727	6,727	-
Source of Supply	633,562	633,562	-
Pumping	1,197,906	1,185,927	11,979
Water Treatment	1,458,742	1,458,742	-
Transmission and Distribution	13,839,071	13,659,049	180,022
General	437,413	424,213	13,200
Construction in Progress	-	-	-
Less: Accumulated Depreciation	<u>(5,671,034)</u>	<u>(5,273,099)</u>	<u>(397,935)</u>
Net Assets-Water Utility Plant	<u>11,902,387</u>	<u>12,095,121</u>	<u>(204,713)</u>
Wastewater			
Land and Land Rights	168,179	168,179	-
Collection System	12,856,941	12,685,414	171,527
Treatment and Disposal	25,913,583	25,305,539	608,044
General	997,284	997,284	-
Construction in Progress	-	560,542	(560,542)
Less: Accumulated Depreciation	<u>(22,794,245)</u>	<u>(21,657,067)</u>	<u>(1,137,178)</u>
Net Assets-Wastewater Utility Plant	<u>17,141,742</u>	<u>18,059,891</u>	<u>(918,149)</u>
Stormwater			
Capital Assets	3,702,246	3,569,449	132,797
Less: Accumulated Depreciation	<u>(247,301)</u>	<u>(201,111)</u>	<u>(46,190)</u>
Net Assets-Stormwater Utility Plant	<u>3,454,945</u>	<u>3,368,338</u>	<u>86,607</u>
Total Utility's Capital Assets	<u>32,499,074</u>	<u>33,523,350</u>	<u>(1,036,255)</u>

Long-term Debt

All general obligation notes and bonds payable are backed by full faith and credit of the City. Notes and bonds payable by the governmental funds will be retired by future property tax levies or TID tax increments accumulated by the debt service fund or from the utility portion of the State Shared Revenues. Business-type activities debt is payable by revenues from user fees of those funds. In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2013 was \$31,293,040. Total general obligation debt outstanding at year end was \$20,720,000, which represents 66.21% of the allowable debt limit.

	Comparison of Outstanding Debt by Activity					
	Governmental Activities		Business-type Activities		TOTAL	
	2012	2011	2012	2011	2012	2011
General Obligation						
Bonds and Notes	19,985,000	21,875,000	735,000	825,000	20,720,000	22,700,000
Revenue Bond/Notes	-	-	7,558,809	8,382,929	7,558,809	8,382,929
Total Outstanding	<u>19,985,000</u>	<u>21,875,000</u>	<u>8,293,809</u>	<u>9,207,929</u>	<u>28,278,809</u>	<u>31,082,929</u>

The total outstanding **general obligation debt** of \$20,720,000 is distributed:

City-CIP	5,865,000
LSP-CIP	740,000
TID # 4	13,140,000
TID # 6	240,000
Utility(Water/Sewer/Storm)	735,000

The City has approved the issuance of an Industrial Revenue Bond (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. The bonds are not reported as liabilities in the financial statements.

The total amount of the IRB's outstanding balance at the end of the year is zero.

Three IRB mortgages were paid off in 2012.

CITY OF WHITEWATER, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

For Year Ended December 31, 2013 and 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

	AMOUNTS DUE WITHIN ONE YEAR		
	Governmental Activities	Business-type Activities	Amounts Due Within One Year
General Obligation			
Bonds and Notes	2,060,000	90,000	2,150,000
Capital Leases	71,968	5,086	77,054
Revenue Bond	-	900,840	900,840
Totals	2,131,968	995,926	3,127,894

The City maintained the Moody's Investors Service rating of A1/Aa3, which was reconfirmed in 2011 & 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgets are adopted at the function level of expenditures. General Fund revenues and transfers were lower than the final budget by \$38,818. Expenses, including transfers were \$111,601 higher than the final budget of \$9,190,346. General Government was over by \$36,710; Public Safety over by \$96,630; Public Works over by \$71,092. Fund Balance was budgetted with no decline in 2013. The actual change in Fund Balance was a decline of \$150,419

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's strategic location between Milwaukee and Madison and the success of the business park, developed by the City of Whitewater under the direction of the Community Development Authority, has contributed to both growth in tax base and population. The City's tax base, currently \$626 million, has shown steady growth over the last sixteen years. For 2014, the equalized value did increased by \$8,038,700 or 1.3%.

The 2014 General Fund-Operating Budget was balanced at \$9,381,446, a 2.08% increase over the 2013 budget. Total general government property tax contribution increased \$62,437 to \$3,017,446. The \$62,437 increase is made up of a \$44,325 increase in general property taxes, and a \$18,112 increase of the debt service levy. The City in 2014 was limited to new construction 1.77% or 0% levy limit whichever was higher.

All recreational fees, fines, licenses, and permits are reviewed on a yearly basis. Solid Waste/Recycling costs are paid by the General Fund and State of Wisconsin grants. For 2014, the monthly cost for one household is \$12.26. The distribution of this cost is \$9.73 for Solid Waste and \$2.53 for Recycling. This represents a 1.6% increase on the solid waste and recycling portion.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money and resources it receives. If you have questions about this report or need additional information, please contact the City of Whitewater, Finance Director, PO Box 690, Whitewater, WI 53190

**City of Whitewater
Whitewater, WI**

**Statement of Net Position
December 31, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>	<u>Component Unit</u>
ASSETS				
Cash and Equivalents	\$ 7,008,323	\$ 5,528,746	\$ 12,537,069	\$ 1,847,118
Receivables				
Taxes	4,780,748	-	4,780,748	-
Special Assessment	24,342	1,426	25,768	-
Accounts	237,489	402,716	640,205	-
Other	423,960	6,039	429,999	-
Due from Other Governments	77,980	-	77,980	-
Loans	-	-	-	1,077,838
Internal Balances	69,064	(69,064)	-	-
Due From Agency Fund	151,133	-	151,133	-
Due From Component Unit	64,000	-	64,000	-
Due From City	-	-	-	750,000
Inventories	-	12,356	12,356	-
Other Assets	72,518	-	72,518	-
Property Held for Resale	30,299	-	30,299	-
Capital Assets				
Land, Improvements, and Construction in Progress	9,953,330	174,906	10,128,236	275,172
Other Capital Assets, net of depreciation	28,087,127	32,324,168	60,411,295	5,723,449
Net Capital Assets	<u>38,040,457</u>	<u>32,499,074</u>	<u>70,539,531</u>	<u>5,998,621</u>
Total Assets	<u>\$ 50,980,313</u>	<u>\$ 38,381,293</u>	<u>\$ 89,361,606</u>	<u>\$ 9,673,577</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 591,123	\$ 87,754	\$ 678,877	\$ 11,057
Due to City	-	-	-	64,000
Due to Component Unit	750,000	-	750,000	-
Due to Other Governmental Agencies	646	-	646	-
Accrued Interest	217,940	37,770	255,710	-
Other Liabilities	141,851	-	141,851	-
Long-Term Liabilities				
Due Within One Year				
Capital Lease Obligation	71,969	5,085	77,054	-
Bonds and Notes Payable	2,060,000	990,840	3,050,840	-
Compensated Absences	303,084	73,592	376,676	-
Due in More Than One Year				
Capital Lease Obligation	190,712	13,476	204,188	-
Bonds and Notes Payable	17,925,000	7,302,969	25,227,969	-
Compensated Absences	196,435	133,103	329,538	-
Total Liabilities	<u>22,448,760</u>	<u>8,644,589</u>	<u>31,093,349</u>	<u>75,057</u>
DEFERRED INFLOWS OF RESOURCES				
2013 Tax Apportionment	<u>5,054,593</u>	<u>-</u>	<u>5,054,593</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	19,155,457	24,694,317	43,849,774	5,998,621
Restricted for:				
CDA Programs	-	-	-	3,501,761
Debt Service	669,160	657,773	1,326,933	-
Capital	36,837	1,913,398	1,950,235	-
Special Revenue Activity	1,532,183	-	1,532,183	-
Unrestricted	<u>2,083,323</u>	<u>2,471,216</u>	<u>4,554,539</u>	<u>98,138</u>
Total Net Position	<u>23,476,960</u>	<u>29,736,704</u>	<u>53,213,664</u>	<u>9,598,520</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 50,980,313</u>	<u>\$ 38,381,293</u>	<u>\$ 89,361,606</u>	<u>\$ 9,673,577</u>

See accompanying notes to the basic financial statements

City of Whitewater
Whitewater, WI

Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Primary Government	
Primary government								
Governmental Activities								
General Government	\$ 1,616,705	\$ 204,528	\$ 45,322	\$ -	\$ (1,366,855)		\$ (1,366,855)	
Public Safety	4,370,621	982,147	134,134	-	(3,254,340)		(3,254,340)	
Public Works	2,173,051	2,458	788,112	1,265	(1,381,216)		(1,381,216)	
Culture and Recreation	1,752,251	160,831	285,898	629	(1,304,893)		(1,304,893)	
Conservation and Development	141,430	-	94,569	-	(46,861)		(46,861)	
Interest on Long-term debt	761,338	-	-	-	(761,338)		(761,338)	
Capital Outlay	145,343	-	-	-	(145,343)		(145,343)	
Total governmental activities	<u>10,960,739</u>	<u>1,349,964</u>	<u>1,348,035</u>	<u>1,894</u>	<u>(8,260,846)</u>		<u>(8,260,846)</u>	
Business-type activities								
Water	1,425,117	1,673,553	1,113	475	-	250,024	250,024	
Wastewater	2,654,290	2,169,807	1,300	60,192	-	(422,991)	(422,991)	
Storm Sewer	342,113	412,803	-	-	-	70,690	70,690	
Total business-type activities	<u>4,421,520</u>	<u>4,256,163</u>	<u>2,413</u>	<u>60,667</u>	<u>-</u>	<u>(102,277)</u>	<u>(102,277)</u>	
Total primary government	<u>15,382,259</u>	<u>5,606,127</u>	<u>1,350,448</u>	<u>62,561</u>	<u>(8,260,846)</u>	<u>(102,277)</u>	<u>(8,363,123)</u>	
Component Unit								
Community Development Authority	436,858	159,868	150,106	-				\$ (126,884)
Total component units	<u>\$ 436,858</u>	<u>\$ 159,868</u>	<u>\$ 150,106</u>	<u>\$ -</u>				<u>(126,884)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					4,103,484	-	4,103,484	-
Property taxes, levied for debt service					525,426	-	525,426	-
Other taxes					113,753	-	113,753	-
Grants and contributions not restricted to specific programs					3,734,674	-	3,734,674	-
Unrestricted investment earnings					20,313	7,083	27,396	20,684
Public gifts and grants					13,055	-	13,055	-
Miscellaneous					835,252	-	835,252	17,770
<i>Special item</i> - gain (loss) on retirement of asset(s)					10,562	-	10,562	-
Transfer to CDA					(61,803)	-	(61,803)	61,803
Transfers					174,982	(174,982)	-	-
Total general revenues, transfers, and special items					<u>9,469,698</u>	<u>(167,899)</u>	<u>9,301,799</u>	<u>100,257</u>
Change in net position					<u>1,208,852</u>	<u>(270,176)</u>	<u>938,676</u>	<u>(26,627)</u>
Net position - beginning					<u>22,268,108</u>	<u>30,006,880</u>	<u>52,274,988</u>	<u>9,625,147</u>
Net position - ending					<u>\$ 23,476,960</u>	<u>\$ 29,736,704</u>	<u>\$ 53,213,664</u>	<u>\$ 9,598,520</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Governmental Funds
December 31, 2013**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 4</u>	<u>Other Capital Projects Funds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 2,666,452	\$ 669,160	\$ 472,023	\$ 1,642,406	\$ 1,558,282	\$ 7,008,323
Receivables:						
Taxes	3,017,446	-	1,694,694	-	61,747	4,773,887
Delinquent Personal Property Taxes	6,861	-	-	-	-	6,861
Special Assessments	24,342	-	-	-	-	24,342
Accounts	237,489	-	-	-	-	237,489
Other	82,870	-	316,460	-	24,630	423,960
Due from Other Governments	41,554	-	-	-	36,426	77,980
Due from Other Funds	144,972	-	116,613	1,414	-	262,999
Prepaid Expenses	72,518	-	-	-	-	72,518
Due from Component Unit	-	-	64,000	-	-	64,000
Advances Receivable	700	-	-	-	-	700
Total Assets	<u>\$ 6,295,204</u>	<u>\$ 669,160</u>	<u>\$ 2,663,790</u>	<u>\$ 1,643,820</u>	<u>\$ 1,681,085</u>	<u>\$ 12,953,059</u>
LIABILITIES						
Liabilities:						
Accounts Payable	\$ 225,724	\$ -	\$ -	\$ 42,596	\$ 17,890	\$ 286,210
Accrued Liabilities	298,541	-	-	-	6,365	304,906
Due to Other Funds	42,803	-	-	-	-	42,803
Payable to Other Governments	-	-	-	-	646	646
Advance Payable to CDA	-	-	750,000	-	-	750,000
Advances Payable	-	-	-	-	700	700
Total Liabilities	<u>567,068</u>	<u>-</u>	<u>750,000</u>	<u>42,596</u>	<u>25,601</u>	<u>1,385,265</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,176,065</u>	<u>-</u>	<u>1,975,400</u>	<u>-</u>	<u>86,464</u>	<u>5,237,929</u>
FUND BALANCE						
Nonspendable	80,079	-	-	-	-	80,079
Restricted	-	330,796	-	1,601,224	1,569,532	3,501,552
Assigned	834,047	338,364	-	-	-	1,172,411
Unassigned	1,637,945	-	(61,610)	-	(512)	1,575,823
Total Fund Balance	<u>2,552,071</u>	<u>669,160</u>	<u>(61,610)</u>	<u>1,601,224</u>	<u>1,569,020</u>	<u>6,329,865</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 6,295,204</u>	<u>\$ 669,160</u>	<u>\$ 2,663,790</u>	<u>\$ 1,643,820</u>	<u>\$ 1,681,085</u>	<u>\$ 12,953,059</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2013**

Total fund balance, governmental funds	\$	6,329,865
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
		38,040,457
<p>Property held for resale</p>		
		30,299
<p>Deferred inflows are reported in the fund financial statement, but are already recognized as earned in the Statement of Position.</p>		
		183,330
<p>Some liabilities, (such as General Obligation Debt, Long-Term Compensated Absences, and Leases Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
Long-term debt current portion	2,131,969	
Long-term debt non-current portion	18,115,712	
Unamortized premium on debt	141,851	
Compensated absences current portion	303,084	
Compensated absences long-term portion	196,435	
Accrued interest	217,940	(21,106,991)
Net Position of Governmental Activities in the Statement of Net Position		\$ 23,476,960

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 4</u>	<u>Other Capital Projects Funds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property Taxes	\$ 2,543,058	\$ 525,426	\$ 1,643,105	\$ -	\$ 30,796	\$ 4,742,385
Other Taxes	-	-	408,019	-	-	408,019
Special Assessment Revenue	15,910	-	-	-	-	15,910
Intergovernmental	4,472,663	315,198	36,019	35,506	393,192	5,252,578
License and Permits	90,813	-	-	-	32,000	122,813
Fines, Forfeits and Penalties	331,982	-	-	-	14,392	346,374
Public Charges for Services	762,931	-	-	-	139,026	901,957
Interest Income	10,055	292	594	4,280	2,988	18,209
Miscellaneous Income	84,986	79,653	-	5,020	78,569	248,228
Total Revenues	<u>8,312,398</u>	<u>920,569</u>	<u>2,087,737</u>	<u>44,806</u>	<u>690,963</u>	<u>12,056,473</u>
EXPENDITURES						
Current:						
General Government	1,512,618	-	-	-	39,067	1,551,685
Public Safety	4,058,927	-	-	-	9,643	4,068,570
Public Works	1,391,116	-	-	-	113,961	1,505,077
Culture, Recreation and Education	1,220,634	-	-	-	367,691	1,588,325
Conservation and Development	174,312	-	150	-	11,568	186,030
Capital Outlay	85,975	-	6,144	983,297	42,962	1,118,378
Debt Service						
Principal Repayment	76,048	1,890,000	-	-	-	1,966,048
Interest Expense	-	745,643	-	-	-	745,643
Total Expenditures	<u>8,519,630</u>	<u>2,635,643</u>	<u>6,294</u>	<u>983,297</u>	<u>584,892</u>	<u>12,729,756</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(207,232)</u>	<u>(1,715,074)</u>	<u>2,081,443</u>	<u>(938,491)</u>	<u>106,071</u>	<u>(673,283)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	379,601	1,919,080	-	154,215	414,003	2,866,899
Transfers Out	(184,420)	-	(2,279,213)	-	(92,665)	(2,556,298)
Total Other Financing Sources and Uses	<u>195,181</u>	<u>1,919,080</u>	<u>(2,279,213)</u>	<u>154,215</u>	<u>321,338</u>	<u>310,601</u>
Net Change in Fund Balances	(12,051)	204,006	(197,770)	(784,276)	427,409	(362,682)
Fund Balances - Beginning	2,564,122	465,154	136,160	2,385,500	1,141,611	6,692,547
Fund Balances (Deficits) - Ending	<u>\$ 2,552,071</u>	<u>\$ 669,160</u>	<u>\$ (61,610)</u>	<u>\$ 1,601,224</u>	<u>\$ 1,569,020</u>	<u>\$ 6,329,865</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2013**

Net change in fund balances - total governmental funds: \$ (362,682)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$918,542 were less than depreciation \$1,202,743 in the current period. (284,201)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (40)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This represents revenues which were recorded on the fund financial statements in the current year but previously accrued in the government-wide statements. (22)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. The following is a summary of the debt activity for the year.

Debt repayment - capital lease	63,958	
Debt repayment - general obligation	1,890,000	1,953,958

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

Adjustment for accrued interest not reflected on Governmental funds	(23,576)
Adjustment for increase in compensated absences	(82,466)
Adjustment for amortization expense not reflected on Governmental Funds	7,881
Change in net position of governmental activities	\$ 1,208,852

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Enterprise Funds			
	Water	Wastewater	Stormwater	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 803,873	\$ 1,324,625	\$ 304,061	\$ 2,432,559
Receivables				
Accounts	139,571	220,850	42,295	402,716
Interest	4,480	1,559	-	6,039
Due from Other Funds	27,832	-	-	27,832
Inventories	12,356	-	-	12,356
Total Current Assets	988,112	1,547,034	346,356	2,881,502
Restricted:				
Restricted Cash	415,961	2,680,226	-	3,096,187
Total Restricted Assets	415,961	2,680,226	-	3,096,187
Capital Assets:				
Utility Plant	17,573,421	39,935,987	3,702,246	61,211,654
Less Accumulated Depreciation	(5,671,034)	(22,794,245)	(247,301)	(28,712,580)
Net Capital Assets	11,902,387	17,141,742	3,454,945	32,499,074
Noncurrent Assets				
Special Assessments	1,426	-	-	1,426
Total Noncurrent Assets	1,426	-	-	1,426
Total Assets	\$ 13,307,886	\$ 21,369,002	\$ 3,801,301	\$ 38,478,189

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Enterprise Funds			
	Water	Wastewater	Stormwater	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 18,139	\$ 19,597	\$ 19,123	\$ 56,859
Accrued Liabilities	9,237	21,058	600	30,895
Accrued Interest Payable	14,287	21,677	1,806	37,770
Due to Other Funds	24,110	33,832	38,954	96,896
Compensated Absences	26,688	37,735	9,169	73,592
Current Portion of Long-Term Debt	410,710	585,215	-	995,925
Total Current Liabilities	503,171	719,114	69,652	1,291,937
Non-Current Liabilities:				
Long-Term Debt				
Capital Lease Obligation	-	13,476	-	13,476
Notes Payable	128,166	61,834	455,000	645,000
Bonds and Loans Payable	1,800,000	4,857,969	-	6,657,969
Total Long-Term Debt	1,928,166	4,933,279	455,000	7,316,445
Other Liabilities				
Compensated Absences	61,255	51,252	20,596	133,103
Total Other Liabilities	61,255	51,252	20,596	133,103
Total Non-Current Liabilities	1,989,421	4,984,531	475,596	7,449,548
Total Liabilities	2,492,592	5,703,645	545,248	8,741,485
NET POSITION				
Net Investment in Capital Assets	9,829,563	11,864,809	2,999,945	24,694,317
Restricted	135,622	2,435,549	-	2,571,171
Unrestricted	850,109	1,364,999	256,108	2,471,216
Total Net Position	10,815,294	15,665,357	3,256,053	29,736,704
Total Liabilities and Net Position	\$ 13,307,886	\$ 21,369,002	\$ 3,801,301	\$ 38,478,189

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, Wisconsin**

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013**

	Enterprise Funds			
	Water	Wastewater	Stormwater	Total
OPERATING REVENUES				
Charges for Services	\$ 1,706,404	\$ 2,301,153	\$ 412,803	\$ 4,420,360
Total Operating Revenues	<u>1,706,404</u>	<u>2,301,153</u>	<u>412,803</u>	<u>4,420,360</u>
OPERATING EXPENSES				
Operation and Maintenance	972,461	1,342,542	277,258	2,592,261
Depreciation	382,285	1,158,826	49,084	1,590,195
Total Operating Expenses	<u>1,354,746</u>	<u>2,501,368</u>	<u>326,342</u>	<u>4,182,456</u>
Operating Income (Loss)	<u>351,658</u>	<u>(200,215)</u>	<u>86,461</u>	<u>237,904</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	1,399	5,684	-	7,083
Grants and Contributions	1,113	1,300	-	2,413
Interest Expense	<u>(70,371)</u>	<u>(152,922)</u>	<u>(15,771)</u>	<u>(239,064)</u>
Total Non-Operating Revenue (Expenses)	<u>(67,859)</u>	<u>(145,938)</u>	<u>(15,771)</u>	<u>(229,568)</u>
Income (Loss) Before Contributions and Transfers	283,799	(346,153)	70,690	8,336
Special Item - Refund of Prior Years' Revenue	(32,851)	(131,346)	-	(164,197)
Capital Contributions	475	60,192	-	60,667
Capital Contributions transferred in from City	57,779	10,250	67,590	135,619
Transfers Out	<u>(289,101)</u>	<u>-</u>	<u>(21,500)</u>	<u>(310,601)</u>
Change in Net Position	20,101	(407,057)	116,780	(270,176)
Total Net Position - Beginning	10,795,193	16,072,414	3,139,273	30,006,880
Total Net Position - Ending	<u>\$ 10,815,294</u>	<u>\$ 15,665,357</u>	<u>\$ 3,256,053</u>	<u>\$ 29,736,704</u>

See accompanying notes to the basic financial statements

CITY OF WHITEWATER
Whitewater, WI

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2013

	Water	Wastewater	Stormwater	Totals 2013
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 1,710,324	\$ 2,309,155	\$ 393,940	\$ 4,413,419
Payments to suppliers	(539,294)	(661,322)	(65,291)	(1,265,907)
Payments to employees	(431,611)	(800,034)	(192,302)	(1,423,947)
Taxes paid	(289,101)	-	-	(289,101)
Net cash provided (used) by operating activities	<u>450,318</u>	<u>847,799</u>	<u>136,347</u>	<u>1,434,464</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Proceeds of special assessments	475	-	-	475
Acquisition and construction of plant assets	(152,571)	(209,153)	(51,307)	(413,031)
Proceeds of debt	-	47,502	-	47,502
Principal payments on long-term debt	(400,710)	(565,430)	-	(966,140)
Interest paid	(67,292)	(152,195)	(13,965)	(233,452)
Capital contributions	-	60,192	-	60,192
Net cash provided (used) by capital and related financing activities	<u>(620,098)</u>	<u>(819,084)</u>	<u>(65,272)</u>	<u>(1,504,454)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	1,399	5,684	-	7,083
Net cash provided (used) by investing activities	<u>1,399</u>	<u>5,684</u>	<u>-</u>	<u>7,083</u>
Net increase (decrease) in cash and equivalents	(168,381)	34,399	71,075	(62,907)
Cash and equivalents - beginning of year	<u>1,358,215</u>	<u>3,680,202</u>	<u>232,986</u>	<u>5,271,403</u>
Cash and equivalents - end of year	<u>\$ 1,189,834</u>	<u>\$ 3,714,601</u>	<u>\$ 304,061</u>	<u>\$ 5,208,496</u>

See accompanying notes to the financial statements

CITY OF WHITEWATER
Whitewater, WI

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2013

	Water	Wastewater	Stormwater	Totals 2013
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 318,807	\$ (331,561)	\$ 86,461	\$ 73,707
Adjustments to Reconcile Operating Income (Loss):				
Joint meter	21,274	(21,274)	-	-
Cash Provided (Used) by Operating Activities:				
Depreciation	382,285	1,158,826	49,084	1,590,195
Transfer out	(289,101)	-	(21,500)	(310,601)
Changes in Assets and Liabilities:				
Customer accounts receivable	3,920	8,002	(18,863)	(6,941)
Due from/to other funds	8,445	4,702	37,942	51,089
Other assets	1,113	1,300	-	2,413
Accounts payable	(15,397)	10,043	(3,133)	(8,487)
Accrued liabilities	18,972	17,761	6,356	43,089
Net cash provided (used) by operating activities	\$ 450,318	\$ 847,799	\$ 136,347	\$ 1,434,464
 <u>Noncash Activity</u>				
Plant financed through accounts payable	\$ -	\$ -	\$ 16,794	\$ 16,794
Contributions for plant	58,254	10,250	67,590	136,094
Net noncash activity	\$ 58,254	\$ 10,250	\$ 84,384	\$ 152,888
 Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and cash equivalents	\$ 803,873	\$ 1,324,625	\$ 304,061	\$ 2,432,559
Restricted Cash	415,961	2,680,226	-	3,096,187
Total cash and investments	1,219,834	4,004,851	304,061	5,528,746
Less: Noncash equivalents	(30,000)	(290,250)	-	(320,250)
Cash and Cash Equivalents	\$ 1,189,834	\$ 3,714,601	\$ 304,061	\$ 5,208,496

See accompanying notes to the financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 5,048,739
Receivables:	
Taxes Receivable	4,746,736
Other Receivables	150,823
Total Assets	<u>\$ 9,946,298</u>
LIABILITIES	
Due to Other Funds	\$ 151,133
Due to Other Governments	9,795,165
Total Liabilities	<u>\$ 9,946,298</u>

See accompanying notes to the basic financial statements

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies

The accounting policies of the City of Whitewater, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all of the funds of the City of Whitewater. The reporting entity for the City consists of the primary government, organizations for which the primary government is financially accountable and 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or 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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Discretely Presented Component Unit

City of Whitewater Community Development Authority

The government-wide financial statements include the City of Whitewater Community Development Authority ("authority") as a component unit. The authority is a legally separate organization. The board of the authority is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the authority, and also create a potential financial benefit to or burden on the City. See Note 13. As a component unit, the authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended 2013. The authority does not issue separate financial statements.

Excluded Component Unit

The City considered the potential of the Whitewater Fire Department as a component unit, but excluded it since the City does not control the Department nor can it access its financial resources. See Note 13.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
B. Government-Wide and Fund Financial Statements

“Government-wide” financial statements are basic financial statements required for all governmental units. The statement of net position and the statement of activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds in the government-wide financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual 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 assets/fund equity, revenues, and expenditure/expenses.

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.

Funds are identified 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:

1. Total assets and deferred outflows, liabilities and deferred inflows, 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
2. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

Major Governmental Funds

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

Tax Incremental Financing District No. 4 (TID No. 4) – transactions of the City’s tax incremental districts are accounted for in capital projects funds along with capital outlay projects for which the City borrowed money.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise debt.

Other Capital Projects Funds – accounts for City capital outlay projects

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
B. Government-Wide and Fund Financial Statements (Continued)

The City reports the following major and non-major enterprise funds:

Major and Non-Major Enterprise Funds

Enterprise funds are used to account for operations a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following enterprise funds are included in these statements:

Water Utility – accounts for the operations of the water system. (Major Fund)
Sewer Utility – accounts for the operations of the sewer system. (Major Fund)
Stormwater Utility – accounts for the operations of the stormwater system (Non-Major Fund)

The City reports the following non-major governmental funds:

Non-Major Governmental Funds

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that is legally restricted to expenditures for specific purposes.

- Cable Television
- Library
- Taxicab Grant Program
- Parkland Acquisition Fund
- Parkland Development
- Forestry
- Rescue Squad Equipment/Education
- Parking Permit Fund
- Rescue Squad Trust
- Police Department Trust
- Rock River Stormwater Group
- TIF #4 – County Escrow

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Non-major capital projects funds included in these statements are the following:

Tax Incremental Districts No. 5, 6, 7, 8 and 9 (TID 5, TID 6, TID 7, TID 8 and TID 9)

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
B. Government-Wide and Fund Financial Statements (Continued)

In addition, the City reports the following fund types:

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City accounts for its Tax Agency Fund as an agency fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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. Deferred outflows of resources represents a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue when earned.

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 wastewater utilities 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. "Measurable" means the amount of the transaction can be determined. "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 sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City, which are not available, are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, and 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.

The City reports deferred inflows on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows 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 inflows 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 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 follow all pronouncements of the Governmental Accounting Standards Board. 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. 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.

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 WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity

1) Cash and Cash Equivalents/Investments

Investment of City funds is restricted by State statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on 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;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the City plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

The City has adopted an investment policy. That policy follows the state statute for allowable investments but does not specifically address the risk described in Note 2.

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.

See Footnote 2 for additional information.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

2) Proprietary Cash and Equivalents

For purposes of the proprietary fund statement of cash flows, the City considers all highly liquid investments, with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments.

3) Taxes Receivable

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The City's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all City taxes. Since City property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2013 tax roll

Lien date and levy date	December, 2013
Tax Bills mailed	December, 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale – 2013 delinquent real estate taxes	October, 2016

4) Allowance for Uncollectible Accounts

General fund accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end. 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 delinquent water and sewer billings because the utilities have the right by law to place delinquent bills on tax roll and other delinquent bills are not significant.

5) Interfund Transactions

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 WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

5) Interfund Transactions (Continued)

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

6) Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred inflows for special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Special assessments of enterprise funds are recorded as non-operating revenue at the time of assessment, if subject to collection. Deferred inflows for special assessments, those not subject to collection, are recorded as other liability until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by the County and are remitted to the City upon collection by the County. These delinquent installments are financed by the general fund.

7) Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction, operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or 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.

8) 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.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

9) Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets including infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. The City has retroactively reported all infrastructure acquired by its governmental fund types.

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated straight-line based on the estimated useful life of assets. The estimated useful life of assets is determined by industry standards as recommended by GASB.

Proprietary Fund Fixed Assets - Assets in the enterprise fund are capitalized at cost or fair value at date of contribution or acquisition. Normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related assets. Net interest costs incurred for long-term debt issued for construction purposes is capitalized during the period of construction. Net interest cost consists of interest expense on long-term debt proceeds. No interest was capitalized in 2013.

Depreciation is charged over the estimated service life of the assets using the straight-line method. Annual depreciation charges are determined using the average utility plant in service and rates ranging from 1.0% to 6.0% for the water utility and 1.32% for the wastewater utility, depending on the various classes of property, in the respective utilities. The stormwater utility assets are depreciated straight-line over useful lives ranging from 40-85 years.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

- 9) Capital Assets (Continued)**

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.

10) Debt Issuance Costs

Debt issuance costs are recognized in the current period for the government-wide, proprietary, and governmental fund statements.

Deferred charges are recorded in the enterprise fund for extraordinary repairs. Costs are amortized over the estimated life of repair.

11) Compensated Absences

Governmental Funds

Under terms of employment, employees are granted sick leave and vacations in varying amounts. The entire accumulation is recorded in the statement of net assets. See Note 7.

All Funds

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2013 are determined on the basis of current salary rates and include salary related payments.

12) 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 bond payable, and accrued compensated absences.

All short term and long-term obligations expected to be financed from proprietary fund type operations are accounted for as those fund liabilities.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

12) Long-Term Obligations/Conduit Debt (Continued)

For the government-wide statements and the proprietary fund statements, bond premiums and discounts amortized over the life of the issue using the straight-line method. Gains or losses on prior refunding 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 in the deferred outflows or inflows of resources sections of the balance sheet.

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 zero.

13) Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end requiring accrual.

14) 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 of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net assets 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 – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

- 14) Equity Classifications (Continued)**

Fund Statements

Government fund equity is classified as fund balance.

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by the creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself through formal action of the City Council, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has stated intended use for a specific purpose. This intent can be expressed through the City Council or through the City Council delegating this responsibility to the City Finance Director through the budgetary process.

Unassigned – resources which cannot be properly classified in one of the other four categories. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

E. Utility Rates

Current water and sewer rates are being reviewed by the City. Current wastewater rates were approved by the city council on July 1, 2011. Stormwater rates were in effect October 1, 2007. Water rates were in place on November 23, 2011.

F. Income Taxes

The City of Whitewater water, wastewater, and stormwater utilities are municipal utilities. Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
G. Budgetary Information

Budgets

A budget has been adopted for all funds of the City. The City's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level. The budgetary comparison schedule is presented for the general fund only.

Budget amounts include appropriations authorized in the original budget, any council approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

H. 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
TID 4	\$(61,610)	Project costs in excess of revenues
TID 7	(512)	Project costs in excess of revenues

The TID 7 deficit is anticipated to be replenished with future increments.

I. Tax Incremental Financing District

The City has 6 Tax Incremental Districts (TID's). The transactions of TID 4 are shown as a major fund. TIDs 5, 6, 7, 8 and 9 are shown as non-major funds. TID's are authorized by Section 66.1105 of the Wisconsin Statutes. It is a method by which the City can recover its project costs in the designated district of the City. Those costs are recovered through tax increments, which are placed on the tax rolls.

J. Capital Contributions

Capital contributions represent the value of infrastructure contributed or paid by developers for plant. They are recorded as additions to net assets in the government-wide statements and proprietary fund statements. These amounts are not subject to repayment.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (Continued)
K. Advances to Other Funds

Non-current portions of long-term inter-fund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

2. Cash and Investments

As previously discussed, cash for all City funds is pooled for investment purposes. At December 31, 2013, the cash and investments consist of the following:

	Carrying Value	Bank Balance	Associated Risk
Deposits in financial institutions - City	\$ 17,585,808	\$ 18,480,166	Custodial credit risk, interest rate risk
Deposits in financial institutions - CDA	1,847,118	1,949,610	Custodial credit risk, interest rate risk
Total Cash and Investments	\$ 19,432,926	\$ 20,429,776	
Reconciliation to financial statements			
Per statement of net position			
Primary government	\$ 12,537,069		
Component unit	1,847,118		
Per statement of net position -			
Fiduciary Funds			
Agency	5,048,739		
Total Cash and Investments	\$ 19,432,926		

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

2. Cash and Investments (Continued)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. Deposits in credit unions are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts, and \$250,000 for all share certificate and regular share accounts.

Bank accounts, credit union accounts, and the local government investment pool 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 be significant to individual municipalities. This has been considered when determining custodial credit risk.

The City's deposits in financial institutions are collateralized by various instruments. The City has collateral agreements with three separate financial institutions in varying amounts. The total collateral for the three institutions is \$19,400,191.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The City also had certificates of deposits with varying maturities as follows:

Total of CDs City	\$ 687,983
Total of CDs CDA	1,219,010
	<u>\$ 1,906,993</u>
maturing by 6/30/14	\$ 1,195,044
maturing by 12/31/14	290,000
maturing by 6/30/15	421,949
	<u>\$ 1,906,993</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City has no investment policy that would further limit its investments choices.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

2. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The City does not have an investment policy for custodial credit risk.

As of December 31, 2013, the City's deposits with financial institutions in excess of federal depository insurance limits that were exposed to custodial credit risk are listed below:

Uninsured and collateral held by the pledging financial institution's trust department or agent not in the City's name	<u><u>\$ 16,376,296</u></u>
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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. The City does not have a policy for concentration of credit risk.

3. Receivables

The following accounts receivable amounts are not expected to be collected within one year:

	<u>General</u>
Delinquent personal property taxes	\$ 6,861
Special assessments	<u>24,342</u>
Total	<u><u>\$ 31,203</u></u>

Receivables of the city are reported net of uncollectible amounts. The following is the allowance for uncollectible receivables that is reported as of December 31, 2013:

Delinquent personal property taxes	<u>\$ 7,000</u>
Total	<u><u>\$ 7,000</u></u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

3. Receivables (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable for subsequent year	\$ -	\$ 4,773,888	\$ 4,773,888
Special assessments not yet due	24,660	-	24,660
Developer agreement PILOT payments	280,705	-	280,705
Taxi-cab grant	24,717	-	24,717
Other items	26,959	-	26,959
Ambulance receivable	107,000	-	107,000
Total Deferred Inflows of Resources			
For Governmental Funds	<u>\$ 464,041</u>	<u>\$ 4,773,888</u>	<u>\$ 5,237,929</u>

4. 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.

- Depreciation Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

- Reserve Used to report resources set aside to make up potential future deficiencies in the redemption account.

Equipment Replacement Account

The wastewater utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

4. Restricted Assets (Continued)

Following is a list of restricted assets at December 31, 2013:

	Water Utility	Wastewater Utility	Totals
Restricted Assets			
Redemption account	\$ 149,909	\$ 507,864	\$ 657,773
Depreciation account	-	25,000	25,000
Reserve account	266,052	223,000	489,052
Connection account	-	306,988	306,988
DNR Replacement account	-	1,617,374	1,617,374
	\$ 415,961	\$ 2,680,226	\$ 3,096,187
Total Restricted Assets	\$ 415,961	\$ 2,680,226	\$ 3,096,187

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

5. Capital Assets

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

	1/1/2013 Beginning Balance	Additions	Deletions	12/31/2013 Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 52,974	\$ 281,232	\$ -	\$ 334,206
Land	2,947,791	-	-	2,947,791
Right of way	1,830,165	-	-	1,830,165
Land improvements	4,841,168	-	-	4,841,168
Total Capital Assets Not Being Depreciated	9,672,098	281,232	-	9,953,330
Capital Assets Being Depreciated				
Land Improvements	399,134	-	-	399,134
Buildings	11,116,607	-	-	11,116,607
Traffic and Street Lights	903,349	-	-	903,349
Machinery and Equipment	7,836,708	198,877	39,978	7,995,607
Streets	23,151,829	438,433	-	23,590,262
Sidewalks	981,688	-	-	981,688
Curb and Gutter	695,594	-	-	695,594
Total Capital Assets Being Depreciated	45,084,909	637,310	39,978	45,682,241
Accumulated Depreciation				
Land improvements	310,917	8,093	-	319,010
Buildings	3,611,256	236,708	-	3,847,964
Traffic and street lights	194,341	26,631	-	220,972
Machinery and equipment	5,421,504	419,674	39,938	5,801,240
Streets	6,679,009	472,724	-	7,151,733
Sidewalks	131,016	21,523	-	152,539
Curb and gutter	84,266	17,390	-	101,656
Total Accumulated Depreciation	16,432,309	1,202,743	39,938	17,595,114
Capital Assets, Net of Depreciation	\$ 38,324,698	\$ (284,201)	\$ 40	\$ 38,040,457

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

5. Capital Assets (Continued)

Depreciation expense for the governmental activities is as follows:

Government Activities	
General Government	\$ 128,310
Public Safety	291,693
Public Works, which includes the depreciation of streets (including curb and gutter) and sidewalks	669,113
Culture, Recreation and Education	<u>113,627</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,202,743</u></u>

Capital asset activity in the business-type activities for the year ended December 31, 2013 was as follows:

<u>Water</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land and land rights	\$ 6,727	\$ -	\$ -	\$ 6,727
Total Capital Assets Not Being Depreciated	<u>6,727</u>	<u>-</u>	<u>-</u>	<u>6,727</u>
Capital Assets Being Depreciated				
Source of supply	633,563	-	-	633,563
Pumping	1,185,927	11,979	-	1,197,906
Water treatment	1,458,742	-	-	1,458,742
Transmission and distribution	13,659,048	185,646	5,624	13,839,070
Administrative and general assets	424,213	13,200	-	437,413
Total Capital Assets Being Depreciated	<u>17,361,493</u>	<u>210,825</u>	<u>5,624</u>	<u>17,566,694</u>
Total Capital Assets	<u>17,368,220</u>	<u>210,825</u>	<u>5,624</u>	<u>17,573,421</u>
Less: Accumulated depreciation	<u>5,273,099</u>	<u>403,559</u>	<u>5,624</u>	<u>5,671,034</u>
Net Capital Assets	<u><u>\$ 12,095,121</u></u>	<u><u>\$ (192,734)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,902,387</u></u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

5. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 560,542	\$ -	\$ 560,542	\$ -
Land and land rights	168,179	-	-	168,179
Total Capital Assets Not Being Depreciated	728,721	-	560,542	168,179
Capital Assets Being Depreciated				
Collection system	12,685,414	171,901	374	12,856,941
Treatment and disposal	25,305,538	608,044	-	25,913,582
General	997,285	-	-	997,285
Total Capital Assets Being Depreciated	38,988,237	779,945	374	39,767,808
Total Capital Assets	39,716,958	779,945	560,916	39,935,987
Less: Accumulated depreciation	21,657,067	1,137,552	374	22,794,245
Net Capital Assets	<u>\$ 18,059,891</u>	<u>\$ (357,607)</u>	<u>\$ 560,542</u>	<u>\$ 17,141,742</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital Assets Being Depreciated				
Infrastructure	\$ 3,569,449	\$ 135,691	\$ 2,894	\$ 3,702,246
Less: Accumulated depreciation	201,111	49,084	2,894	247,301
Net Capital Assets	<u>\$ 3,368,338</u>	<u>\$ 86,607</u>	<u>\$ -</u>	<u>\$ 3,454,945</u>

Listed below is the depreciation expense for the utilities.

Business Type Activities	
Water Utility	\$ 382,285
Sewer Utility	1,158,826
Stormwater Utility	49,084
Total Business-Type Activities Depreciation Expense	<u>\$ 1,590,195</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

6. Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts in the governmental funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Utility	\$ 6,000
General Fund	Water Utility	24,110
General Fund	Stormwater	21,500
General Fund	Stormwater	17,454
General Fund	Tax Collection Fund	34,519
General Fund	Solid Waster Recycling	41,389
Subtotal - General Fund		<u>144,972</u>
TIF #4	Tax Collection Fund	116,613
Other Capital Projects Funds	General Fund	1,414
Subtotal - Other Funds		<u>118,027</u>
Water Utility	Wastewater Fund	27,832
Subtotal - Proprietary Funds		<u>27,832</u>
Subtotal - Fund Financial Statements		290,831
Less: Fund Eliminations		<u>(221,767)</u>
Total - Government-Wide Statements		<u>\$ 69,064</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activity	Business-type Activity	\$ (69,064)
Business-type Activity	Governmental Activity	69,064
	Total	<u>\$ -</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

6. Interfund Receivables/Payables, Advances and Transfers (Continued)

The principal purpose of these interfunds is due to commingled cash. All 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. All amounts are due within one year.

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

Advances

In 2010, the CDA fund advanced \$750,000 to TID #4 to be used for construction costs for an innovation center. The advance to the TID #4 fund from the CDA fund is not set up for repayment. The City and CDA have not yet finalized any payment details, but it is anticipated to be repaid from future increment.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Due Within One Year
CDA Fund	TID #4	\$ 750,000	\$ -
General Fund	TID #7	700	-
Total - Government-Wide Statement of Net Position (Internal Balance)		\$ 750,700	\$ -

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

6. Interfund Receivables/Payables, Advances and Transfers (Continued)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Cable TV Fund	\$ 22,000	Administrative
General Fund	Parking Maintenance	22,000	Administrative
General Fund	Forestry Fund	10,000	Operations
General Fund	Water Utility	289,101	Tax equivalent
General Fund	TID No. 6	15,000	Administrative
DPW Equipment	Stormwater Utility	21,500	Capital equipment
Subtotal - General Fund		<u>379,601</u>	
Debt Service Fund	TID No. 4	1,919,080	Debt service payment
TID No. 4 - County Escrow	TID No. 4	383,798	Escrow for PILOT revenue
Other Capital Projects	General Fund	154,215	Appropriation
Taxicab Grant Program	General Fund	13,205	City portion
Forestry Fund	General Fund	17,000	Operations
Subtotal - Other Funds		<u>2,487,298</u>	
Water Utility	General Fund	57,779	Capital Contributions
Wastewater Utility	General Fund	10,250	Capital Contributions
Stormwater Utility	General Fund	67,590	Capital Contributions
Subtotal - Proprietary Funds		<u>135,619</u>	
Sub-Total – Fund Financial Statements		3,002,518	
Less: Fund Eliminations		<u>(3,177,500)</u>	
Total – Government-Wide Statement of Activities		<u>\$ (174,982)</u>	

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

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

7. Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2013.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt	\$ 21,875,000	\$ -	\$ 1,890,000	\$ 19,985,000	\$ 2,060,000
Sub-Total	<u>21,875,000</u>	<u>-</u>	<u>1,890,000</u>	<u>19,985,000</u>	<u>2,060,000</u>
Other Liabilities					
Vested Compensated Absences	417,053	82,466	-	499,519	303,084
Capital Leases	<u>326,639</u>	<u>-</u>	<u>63,958</u>	<u>262,681</u>	<u>71,969</u>
Total Other Liabilities	<u>743,692</u>	<u>82,466</u>	<u>63,958</u>	<u>762,200</u>	<u>375,053</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 22,618,692</u>	<u>\$ 82,466</u>	<u>\$ 1,953,958</u>	<u>\$ 20,747,200</u>	<u>\$ 2,435,053</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
Revenue Bonds	\$ 8,382,929	\$ 47,502	\$ 871,622	\$ 7,558,809	\$ 900,840
General obligation debt	825,000	-	90,000	735,000	90,000
Capital Lease	<u>23,081</u>	<u>-</u>	<u>4,520</u>	<u>18,561</u>	<u>5,085</u>
Total Long-Term Debt	9,231,010	47,502	966,142	8,312,370	995,925
Other Liabilities					
Vested Compensated Absences	<u>172,178</u>	<u>34,517</u>	<u>-</u>	<u>206,695</u>	<u>73,592</u>
Total Other Liabilities	<u>172,178</u>	<u>34,517</u>	<u>-</u>	<u>206,695</u>	<u>73,592</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 9,403,188</u>	<u>\$ 82,019</u>	<u>\$ 966,142</u>	<u>\$ 8,519,065</u>	<u>\$ 1,069,517</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

7. Long-Term Obligations (Continued)
A. General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. Notes and bonds will be retired by future property tax levies. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies.

The City's general obligation debt limit is equal to 5% of the City's total equalized value. The City's debt limit as of December 31, 2013 is \$31,293,040. Debt subject to the limit is \$20,720,000. The following table outlines the governmental debt.

	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/13</u>	<u>Current Portion</u>
Governmental Activities						
2005 GO						
Promissory Note	10/15/2005	9/1/2015	3.1-3.6	\$ 3,300,000	\$ 970,000	\$ 475,000
2008 GO Refunding						
Bonds	1/7/2008	9/1/2017	3.956	\$ 5,000,000	3,400,000	780,000
2009 GO Refunding						
Bonds	9/3/2009	12/1/2016	2.3-3.0	\$ 1,005,000	430,000	145,000
2010 GO Refunding						
Bonds	2/9/2010	12/1/2017	1.2-2.7	\$ 1,500,000	585,000	230,000
2010 Taxable GO						
Bonds	2/9/2010	12/1/2029	2.8-6.05	\$ 3,290,000	3,240,000	115,000
2010 GO Refunding						
Bonds	9/1/2010	9/1/2020	2.3-3.0	\$ 5,000,000	4,455,000	175,000
2010 Taxable GO						
Bonds	10/12/2010	9/1/2027	.75-5.0	\$ 2,110,000	1,970,000	55,000
2012 GO Refunding						
Bonds	5/17/2012	9/1/2031	.85-3.25	\$ 5,020,000	<u>4,935,000</u>	<u>85,000</u>
Total Governmental Activities -- General Obligation Debt					<u>\$ 19,985,000</u>	<u>\$ 2,060,000</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

7. Long-Term Obligations (Continued)
A. General Obligation Debt (Continued)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,060,000	\$ 655,183
2015	2,115,000	591,966
2016	2,465,000	524,529
2017	2,450,000	454,711
2018	1,545,000	385,293
2019-2023	4,605,000	1,372,956
2024-2028	3,475,000	632,496
2029-2031	1,270,000	82,008
Totals	<u>\$ 19,985,000</u>	<u>\$ 4,699,142</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

7. Long-Term Obligations (Continued)
B. Business-Type Debt

The following is business-type debt outstanding:

Business-type Activities Debt (Excluding Capital Lease)

	Date of Issuance	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/13	Current Portion
<u>Water Utility</u>						
2010 Mortgage Revenue Bonds	9/7/2010	10/1/2015	2.00%	\$ 1,215,000	\$ 505,000	\$ 250,000
2011 Mortgage Revenue Bonds	6/7/2011	10/1/2026	1.6-4.0%	\$ 940,000	840,000	50,000
2012 Mortgage Revenue Bonds	5/17/2012	10/1/2027	.85-2.85%	\$ 855,000	805,000	50,000
	Total water utility revenue bonds				2,150,000	350,000
2010 GO Promissory Notes	2/9/2010	12/1/2016	1.2-2.7%	\$ 428,343	188,876	60,710
	Total Water Utility long-term debt				<u>\$ 2,338,876</u>	<u>\$ 410,710</u>
<u>Wastewater Utility</u>						
1996 Clean Water fund loan	7/24/1996	5/1/2016	3.08%	\$ 1,563,900	\$ 311,505	\$ 100,701
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	\$ 50,000	2,476,390	123,731
2010 Mortgage Revenue Bonds	2/9/2010	5/1/2016	2.0-3.25%	\$ 1,230,000	640,000	210,000
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	\$ 115,954	585,914	26,408
2012 Mortgage Revenue Bonds	5/17/2012	11/1/2027	.85-2.85%	\$ 1,485,000	1,395,000	90,000
	Total sewer utility revenue bonds				5,408,809	550,840
2010 GO Promissory Notes	2/9/2010	12/1/2016	1.2-2.7%	\$ 206,657	91,124	29,290
	Total Wastewater Utility long-term debt				<u>\$ 5,499,933</u>	<u>\$ 580,130</u>
<u>Stormwater Utility</u>						
2012 GO Refunding Bonds	5/17/2012	9/1/2031	.85-3.25%	\$ 455,000	455,000	-
	Total Stormwater Utility long-term debt				455,000	-
Total Business-type Activities Debt (excluding capital lease)					<u>\$ 8,293,809</u>	<u>\$ 990,840</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

7. Long-Term Obligations (Continued)
B. Business-Type Debt (Continued)

Debt service requirements on business-type debt to maturity are as follows:

<u>Years</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	990,840	210,060
2015	1,033,176	187,961
2016	795,727	162,997
2017	383,205	146,022
2018	397,809	136,270
2019-2023	2,172,816	519,604
2024-2028	2,124,173	203,918
2029-2031	396,063	12,831
Total	<u>\$ 8,293,809</u>	<u>\$1,579,663</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

7. Long-Term Obligations (Continued)
C. Other Debt

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributed to governmental activities will be liquidated primarily by the sick leave payout fund.

A statutory mortgage lien upon the utility's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The city's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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.

D. Lease Disclosures

In 2005, the City acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$675,191, which are included in capital assets in the governmental activities. The repayment schedule for the capital lease is as follows:

Year	General		Wastewater		Total
	Principal	Interest	Principal	Interest	
2014	\$ 71,969	\$ 9,525	\$ 5,085	\$ 673	\$ 87,252
2015	80,697	6,641	5,703	469	93,510
2016	90,203	3,411	6,374	241	100,229
2017	19,812	386	1,399	28	21,625
Total	<u>\$ 262,681</u>	<u>\$ 19,963</u>	<u>\$ 18,561</u>	<u>\$ 1,411</u>	<u>\$ 302,616</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

8. Commitments and Contingencies

Federal Grant Programs

The City participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at December 31, 2013 may be impaired. In the opinion of management, no material adjustments will result from any such audits.

From time to time the City is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the City's various insurance carriers, since most claims brought against the City are covered by insurance policies. In the opinion of City management, any legal actions and any other proceedings known to exist at December 31, 2013 are not likely to have material adverse impact on the City's financial position.

9. Net Position/Fund Balances

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2013 includes the following:

Capital Assets net of depreciation	\$ 38,040,457
Less: long-term debt outstanding	(19,985,000)
Plus: Unspent bond proceeds	1,100,000
Total Net Investment in Capital Assets	19,155,457
 Restricted	
Subdividers park fees	23,678
Rescue Squad Equipment	266,586
Rock River Stormwater Group	50,322
Taxicab	52,242
Library	504,202
Cable TV	107,190
Forestry	3,094
Parking Permits	33,822
Rescue Squad Trust	53,757
Police Department Trust	53,492
TIF 4-County Escrow	383,798
TIF districts	36,837
Debt service	669,160
Total Restricted	2,238,180
 Unrestricted	
	2,083,323
Total Governmental Activities Net Position	\$ 23,476,960

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

9. Net Position/Fund Balances (Continued)
Governmental Activities (Continued)

Fund balances as of December 31, 2013 include the items in the following table.

Major Funds

<u>General Fund</u>	Nonspendable	Restricted	Assigned	Unassigned
Delinquent personal property tax	\$ 6,861	\$ -	\$ -	\$ -
Prepaid expenses	72,518	-	-	-
Advances	700	-	-	-
27th Payroll	-	-	-	159,576
Fire Department Equipment	-	-	162,617	-
Dept. of Public Works Equipment Revolving Fund	-	-	129,927	-
Police Vehicle Revolving Fund	-	-	2,197	-
Government Equipment	-	-	7,541	-
Skate Park	-	-	3,211	-
Solid Waste/Recycling (deficit)	-	-	-	(18,294)
Sick Leave Severance	-	-	214,567	-
Lakes Improvements	-	-	475	-
Street Repair Revolving Fund	-	-	313,512	-
Unassigned	-	-	-	1,496,663
Total General Fund	<u>\$ 80,079</u>	<u>\$ -</u>	<u>\$ 834,047</u>	<u>\$ 1,637,945</u>

Debt Service Fund

 Assigned for debt payments \$ 669,160

TID 4 Capital Projects Fund

 TIF fund \$ (61,610)

Other Capital Projects Funds

 Restricted for capital outlay projects \$ 1,601,224

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

9. Net Position/Fund Balances (Continued)
Governmental Activities (Continued)

<u>Non-Major Funds</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Special Revenue Funds				
Cable Television	\$ -	\$ 107,190	\$ -	\$ -
Library Special Revenue	-	504,202	-	-
Taxi Cab Grant	-	52,242	-	-
Parkland Acquisition	-	8,263	-	-
Parkland Development	-	15,415	-	-
Forestry Fund	-	3,094	-	-
Rescue Squad Equipment	-	266,586	-	-
Parking Permit	-	33,822	-	-
Rescue Squad Trust	-	53,757	-	-
Police Dept. Trust	-	53,492	-	-
Rock River Stormwater Group	-	50,322	-	-
TID #4 - County Escrow	-	383,798	-	-
TID #5	-	8,711	-	-
TID #6	-	8,293	-	-
TID #7 (deficit)	-	-	-	(512)
TID #8	-	17,977	-	-
TID #9	-	2,368	-	-
Total Non-Major Funds	<u>\$ -</u>	<u>\$ 1,569,532</u>	<u>\$ -</u>	<u>\$ (512)</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

9. Net Position/Fund Balances (Continued)

Business-Type Activities

The following calculation supports the water, wastewater, and stormwater utilities' balance of net investment in capital assets:

	2013
Water Utility	
Capital Assets net of depreciation	\$ 11,902,387
Less: related long-term debt outstanding	(2,338,876)
Total Invested in Capital Assets	9,563,511
Reserve from borrowing	266,052
Total Net Position - Net Investment in Capital Assets	\$ 9,829,563
	2013
Wastewater Utility	
Capital Assets net of depreciation	\$ 17,141,742
Less: related long-term debt outstanding	(5,499,933)
Total Invested in Capital Assets	11,641,809
Reserve from borrowing	223,000
Total Net Position - Net Investment in Capital Assets	\$ 11,864,809
	2013
Stormwater Utility	
Capital Assets net of depreciation	\$ 3,454,945
Less: related long-term debt outstanding	(455,000)
Total Invested in Capital Assets	2,999,945
Total Net Position - Net Investment in Capital Assets	\$ 2,999,945

10. Defined Benefit Pension Plan

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year (440 hours for teachers and school district educational support employees) are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

10. Defined Benefit Pension Plan (continued)

participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the 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, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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. 2013 Contribution rates are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for the City’s employees covered by the WRS for the year ended December 31, 2013 was \$4,731,201; the employer’s total payroll was \$5,279,177. The total required contribution for the year ended December 31, 2013 was \$679,608, which consisted of \$364,919, or 7.7% of payroll from the employer and \$314,694, or 6.7% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$620,556 and \$606,026, 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 year’s earnings. Employees terminating covered employment 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 are immediately vested. Participants hired after June 30, 2011 are fully vested after five years.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

11. 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. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

12. Expenditures in Excess of Budget

The City's general fund had expenditures in excess of budget as follows:

	Final Budget	Actual Expenditures	Variance
General Government	1,398,934	1,435,644	(36,710)
Public Safety	\$ 3,917,470	\$ 4,014,100	\$ (96,630)
Public Works	934,904	1,005,996	(71,092)
Conservation and Development	130,549	174,312	(43,763)

13. Joint Venture – Whitewater Fire Department

The City and the Whitewater Volunteer Fire Department have a mutual understanding regarding the providing of fire and emergency medical services. They are in the process of working up a final agreement. The Department currently provides fire and emergency medical services to the City as well as some rural townships.

The Department has been operating as a separate organization. The Department Chief and assistant chiefs are elected by the Fire Department membership. Even though the Department has operated as a separate entity, the City may be liable for actions undertaken by the Department.

The City has provided payroll billing and accounting services for the Department. The City's financial statements included financial transactions related to the City's portion of the Department expenses. For 2013, these expenditures were \$226,179 in the fire department, \$26,345 for the crash crew, and \$412,986 for rescue services.

The City reviews and the City provides funding as set forth in the budget. The determination of the amount of the City's contribution to the Fire Department is vested with the City council.

14. Component Unit

This report contains the City of Whitewater Community Development Authority (CDA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and the statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. **Basis of Accounting/Measurement Focus**

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

14. Component Unit (Continued)

b. Deposits and Investments

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

	Carrying Value	Bank Balance	Associated Risk
Demand deposits	\$ 1,847,118	\$ 1,949,610	Custodial Credit Risk, Interest Rate risk

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for noninterest bearing accounts.

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.

Custodial Credit Risk

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

As of December 31, 2013, \$481,461 of the CDA's total bank balance of \$1,949,610 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$481,461
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The CDA has CDs of \$1,219,010 as of 12/31/13. All are set to mature within 1 year.

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 275,172	\$ -	\$ -	\$ 275,172	N/A
Equipment	12,629	-	-	12,629	5-10
Buildings	6,087,994	-	-	6,087,994	35-40
Accumulated Depreciation					
Equipment	(11,458)	(112)	-	(11,570)	
Buildings	(243,628)	(121,976)	-	(365,604)	
Totals	\$6,120,709	\$ (122,088)	\$ -	\$ 5,998,621	

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2013

14. Component Unit (Continued)

d. Employee Retirement System

All eligible authority employees participate in the Wisconsin Retirement System (“system”), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). Activity related to the CDA’s involvement in the system is included with the city in Note 9.

e. Economic Development and Housing Rehabilitation Loans Receivable

The CDA has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The CDA records a loan receivable when the loan has been made and funds have been disbursed. It is the CDA’s policy to record revenue when the initial loan is made from the federal and state grant funds. Interest received from loan repayments is recognized as revenue when received in cash. The following receivable amounts are not expected to be collected within one year:

Loan receivable	<u>\$1,077,838</u>
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f. Transfers in

The CDA recorded a transfer of \$61,803 from the City.

g. Due from City

The CDA has a long-term advance receivable from the City as disclosed in Note 6. No repayment schedule has been established yet.

15. Economic Dependency

One of the City’s Water Utility customers provides approximately 18% of the water revenue.

16. Special Item

Stating in October 2011, the City’s water and wastewater utilities overbilled a customer due to an incorrect meter hookup. In 2013, the water and wastewater utilities refunded the customer \$32,851 and \$131,346, respectively, for these prior year revenues.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Whitewater
Whitewater, WI**

**Budget and Actual (with Budget to GAAP Differences)
General Fund
For the year ended December 31, 2013**

(Original and Final Pulled from Imported Balances)	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Property Taxes	\$ 2,955,009	\$ 2,955,009	\$ 2,543,058	-	\$ 2,543,058
Special Assessment Revenue	23,055	23,055	15,910	-	15,910
Intergovernmental	4,462,396	4,462,396	4,440,824	31,839	4,472,663
License and Permits	76,350	76,350	90,813	-	90,813
Fines, Forfeits and Penalties	432,700	432,700	331,982	-	331,982
Public Charges for Services	717,900	717,900	762,350	581	762,931
Interest Income	4,000	4,000	8,680	1,375	10,055
Miscellaneous Income	305,841	305,841	74,384	10,602	84,986
Total Revenues	<u>9,088,846</u>	<u>9,088,846</u>	<u>8,268,001</u>	<u>44,397</u>	<u>8,312,398</u>
EXPENDITURES					
Current:					
General Government	1,398,934	1,398,934	1,435,644	76,974	1,512,618
Public Safety	3,917,470	3,917,470	4,014,100	44,827	4,058,927
Public Works	934,904	934,904	1,005,996	385,120	1,391,116
Culture, Recreation and Education	1,239,346	1,239,346	1,220,634	-	1,220,634
Conservation and Development	130,549	130,549	174,312	-	174,312
Capital Outlay	38,829	38,829	-	85,975	85,975
Debt Service					
Capital lease	76,048	76,048	76,048	-	76,048
Total Expenditures	<u>7,736,080</u>	<u>7,736,080</u>	<u>7,926,734</u>	<u>592,896</u>	<u>8,519,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,352,766</u>	<u>1,352,766</u>	<u>341,267</u>	<u>(548,499)</u>	<u>(207,232)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	101,500	101,500	358,101	21,500	379,601
Transfers Out	(1,454,266)	(1,454,266)	(849,787)	665,367	(184,420)
Total Other Financing Sources and Uses	<u>(1,352,766)</u>	<u>(1,352,766)</u>	<u>(491,686)</u>	<u>686,867</u>	<u>195,181</u>
Net Change in Fund Balances	-	-	(150,419)	138,368	(12,051)
Fund Balances - Beginning	1,886,734	1,886,734	1,886,734	677,388	2,564,122
Fund Balances - Ending	<u>\$ 1,886,734</u>	<u>\$ 1,886,734</u>	<u>\$ 1,736,315</u>	<u>\$ 815,756</u>	<u>\$ 2,552,071</u>

SUPPLEMENTARY INFORMATION

City of Whitwater
Whitwater, WI

Balance Sheet
Combining General Fund
December 31, 2013

	General Fund	Fire Dept. Equipment Fund	DPW Equipment Revolving Fund	Police Vehicle Revolving Fund	Government Equipment Fund	Skate Park Fund	Solid Waste Recycling Fund	Sick Leave Severance Fund	Lakes Improvement Fund	Street Repair Rev. Fund	Total General Fund
ASSETS											
Cash and Cash Equivalents	\$ 1,828,879	\$ 162,617	\$ 108,427	\$ 2,197	\$ 7,541	\$ 3,211	\$ 23,930	\$ 214,567	\$ 475	\$ 314,608	\$ 2,666,452
Receivables:											
Taxes	3,017,446	-	-	-	-	-	-	-	-	-	3,017,446
Delinquent Personal Property Taxes	6,861	-	-	-	-	-	-	-	-	-	6,861
Special Assessments	24,342	-	-	-	-	-	-	-	-	-	24,342
Accounts	237,489	-	-	-	-	-	-	-	-	-	237,489
Other	82,870	-	-	-	-	-	-	-	-	-	82,870
Due from Other Governments	41,554	-	-	-	-	-	-	-	-	-	41,554
Due from Other Funds	123,472	-	21,500	-	-	-	-	-	-	-	144,972
Prepaid Expenses	72,518	-	-	-	-	-	-	-	-	-	72,518
Advances receivable	700	-	-	-	-	-	-	-	-	-	700
Total Assets	<u>\$ 5,436,131</u>	<u>\$ 162,617</u>	<u>\$ 129,927</u>	<u>\$ 2,197</u>	<u>\$ 7,541</u>	<u>\$ 3,211</u>	<u>\$ 23,930</u>	<u>\$ 214,567</u>	<u>\$ 475</u>	<u>\$ 314,608</u>	<u>\$ 6,295,204</u>
LIABILITIES											
Accounts Payable	\$ 223,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 835	\$ -	\$ -	\$ 1,096	\$ 225,724
Accrued Liabilities	298,541	-	-	-	-	-	-	-	-	-	298,541
Due to Other Funds	1,414	-	-	-	-	-	41,389	-	-	-	42,803
Total Liabilities	<u>523,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,224</u>	<u>-</u>	<u>-</u>	<u>1,096</u>	<u>567,068</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,176,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,176,065</u>
FUND BALANCE											
Nonspendable	80,079	-	-	-	-	-	-	-	-	-	80,079
Assigned	-	162,617	129,927	2,197	7,541	3,211	-	214,567	475	313,512	834,047
Unassigned	1,656,239	-	-	-	-	-	(18,294)	-	-	-	1,637,945
Total Fund Balance (Deficit)	<u>1,736,318</u>	<u>162,617</u>	<u>129,927</u>	<u>2,197</u>	<u>7,541</u>	<u>3,211</u>	<u>(18,294)</u>	<u>214,567</u>	<u>475</u>	<u>313,512</u>	<u># 2,552,071</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 5,436,131</u>	<u>\$ 162,617</u>	<u>\$ 129,927</u>	<u>\$ 2,197</u>	<u>\$ 7,541</u>	<u>\$ 3,211</u>	<u>\$ 23,930</u>	<u>\$ 214,567</u>	<u>\$ 475</u>	<u>\$ 314,608</u>	<u># \$ 6,295,204</u>

City of Whitewater
Whitewater, WI

Statement of Revenues, Expenditures and Changes in Fund Balances
Combining General Fund
For the Year Ended December 31, 2013

	General Fund	Fire Dept. Equipment Fund	DPW Equipment Revolving Fund	Police Vehicle Revolving Fund	Government Equipment Fund	Skate Park Fund	Solid Waste Recycling Fund	Sick Leave Severance Fund	Lakes Improvement Fund	Street Repair Rev. Fund	Total General Fund
REVENUES											
Property Taxes	\$ 2,543,058	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,543,058
Special Assessment Revenue	15,910	-	-	-	-	-	-	-	-	-	15,910
Intergovernmental	4,440,824	-	-	-	-	-	31,839	-	-	-	4,472,663
License and Permits	90,813	-	-	-	-	-	-	-	-	-	90,813
Fines, Forfeits and Penalties	331,982	-	-	-	-	-	-	-	-	-	331,982
Public Charges for Services	762,350	-	-	-	-	-	581	-	-	-	762,931
Interest Income	8,680	169	244	-	-	-	7	680	-	275	10,055
Miscellaneous Income	74,384	-	10,602	-	-	-	-	-	-	-	84,986
Total Revenues	<u>8,268,001</u>	<u>169</u>	<u>10,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,427</u>	<u>680</u>	<u>-</u>	<u>275</u>	<u>8,312,398</u>
EXPENDITURES											
Current:											
General Government	1,435,644	-	-	-	-	-	-	28,537	-	48,437	1,512,618
Public Safety	4,014,100	-	-	44,827	-	-	-	-	-	-	4,058,927
Public Works	1,005,996	-	9,686	-	-	-	375,434	-	-	-	1,391,116
Culture, Recreation and Education	1,220,634	-	-	-	-	-	-	-	-	-	1,220,634
Conservation and Development	174,312	-	-	-	-	-	-	-	-	-	174,312
Capital Outlay	-	-	85,975	-	-	-	-	-	-	-	85,975
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Principal Repayment	76,048	-	-	-	-	-	-	-	-	-	76,048
Total Expenditures	<u>7,926,734</u>	<u>-</u>	<u>95,661</u>	<u>44,827</u>	<u>-</u>	<u>-</u>	<u>375,434</u>	<u>28,537</u>	<u>-</u>	<u>48,437</u>	<u>8,519,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>341,267</u>	<u>169</u>	<u>(84,815)</u>	<u>(44,827)</u>	<u>-</u>	<u>-</u>	<u>(343,007)</u>	<u>(27,857)</u>	<u>-</u>	<u>(48,162)</u>	<u>(207,232)</u>
OTHER FINANCING SOURCES (USES)											
Transfers In	358,101	-	21,500	-	-	-	-	-	-	-	379,601
Transfers Out	(849,787)	50,000	40,000	47,000	7,541	-	335,826	-	-	185,000	(184,420)
Total Other Financing Sources and Uses	<u>(491,686)</u>	<u>50,000</u>	<u>61,500</u>	<u>47,000</u>	<u>7,541</u>	<u>-</u>	<u>335,826</u>	<u>-</u>	<u>-</u>	<u>185,000</u>	<u>195,181</u>
Net Change in Fund Balances	(150,419)	50,169	(23,315)	2,173	7,541	-	(7,181)	(27,857)	-	136,838	(12,051)
Fund Balances (Deficit) - Beginning	1,886,737	112,448	153,242	24	-	3,211	(11,113)	242,424	475	176,674	2,564,122
Fund Balances (Deficit) - Ending	<u>\$ 1,736,318</u>	<u>\$ 162,617</u>	<u>\$ 129,927</u>	<u>\$ 2,197</u>	<u>7,541</u>	<u>\$ 3,211</u>	<u>\$ (18,294)</u>	<u>\$ 214,567</u>	<u>\$ 475</u>	<u>\$ 313,512</u>	<u>\$ 2,552,071</u>

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Non-Major Governmental Funds
December 31, 2013**

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,520,745	\$ 37,537	\$ 1,558,282
Receivables:			
Taxes	-	61,747	61,747
Other	24,630	-	24,630
Due from Other Governments	36,426	-	36,426
Total Assets	\$ 1,581,801	\$ 99,284	\$ 1,681,085
LIABILITIES			
Liabilities:			
Accounts Payable	\$ 17,890	\$ -	\$ 17,890
Accrued Liabilities	6,365	-	6,365
Payable to Other Governments	646	-	646
Advances Payable	-	700	700
Total Liabilities	24,901	700	25,601
DEFERRED INFLOWS OF RESOURCES			
2013 Tax Apportionment	24,717	61,747	86,464
FUND BALANCE			
Restricted	1,532,183	37,349	1,569,532
Unassigned	-	(512)	(512)
Total Fund Balance	1,532,183	36,837	1,569,020
Total Liabilities, Deferred Inflows and Fund Balance	\$ 1,581,801	\$ 99,284	\$ 1,681,085

**City of Whitewater
Whitewater, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2013**

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Governmental Funds
REVENUES			
Property Taxes	\$ -	\$ 30,796	\$ 30,796
Intergovernmental	393,192	-	393,192
Fines, Forfeits and Penalties	14,392	-	14,392
Public Charges for Services	139,026	-	139,026
Interest Income	2,950	38	2,988
Miscellaneous Income	78,569	-	78,569
Total Revenues	<u>660,129</u>	<u>30,834</u>	<u>690,963</u>
EXPENDITURES			
Current:			
General Government	39,067	-	39,067
Public Safety	9,643	-	9,643
Public Works	113,961	-	113,961
Culture, Recreation and Education	367,691	-	367,691
Conservation and Development	10,818	750	11,568
Capital Outlay	42,962	-	42,962
Total Expenditures	<u>584,142</u>	<u>750</u>	<u>584,892</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>75,987</u>	<u>30,084</u>	<u>106,071</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	414,003	-	414,003
Transfers Out	<u>(54,000)</u>	<u>(38,665)</u>	<u>(92,665)</u>
Total Other Financing Sources and Uses	<u>360,003</u>	<u>(38,665)</u>	<u>321,338</u>
Net Change in Fund Balances	435,990	(8,581)	427,409
Fund Balances - Beginning	1,096,193	45,418	1,141,611
Fund Balances - Ending	<u>\$ 1,532,183</u>	<u>\$ 36,837</u>	<u>\$ 1,569,020</u>

**City of Whitewater
Whitewater, WI**

**Non-Major Special Revenue Funds
Combining Balance Sheet
December 31, 2013**

	<u>Cable TV Fund</u>	<u>Library Special Revenue Fund</u>	<u>Taxicab Grant Program Fund</u>	<u>Parkland Acquisition Fund</u>	<u>Parkland Development Fund</u>	<u>Forestry Fund</u>	<u>Rescue Squad Equipment/ Educ. Fund</u>
ASSETS							
Cash and Cash Equivalents	\$ 84,806	\$ 517,341	\$ 41,179	\$ 8,263	\$ 15,415	\$ 3,094	\$ 266,586
Receivables:							
Other	24,630	-	-	-	-	-	-
Due from Other Governments	-	-	36,426	-	-	-	-
Total Assets	<u>\$ 109,436</u>	<u>\$ 517,341</u>	<u>\$ 77,605</u>	<u>\$ 8,263</u>	<u>\$ 15,415</u>	<u>\$ 3,094</u>	<u>\$ 266,586</u>
LIABILITIES							
Accounts Payable	\$ 100	\$ 8,920	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	2,146	4,219	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Payable to Other Governments	-	-	646	-	-	-	-
Total Liabilities	<u>2,246</u>	<u>13,139</u>	<u>646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows	-	-	24,717	-	-	-	-
FUND BALANCE							
Restricted	<u>107,190</u>	<u>504,202</u>	<u>52,242</u>	<u>8,263</u>	<u>15,415</u>	<u>3,094</u>	<u>266,586</u>
Total Fund Balance	<u>107,190</u>	<u>504,202</u>	<u>52,242</u>	<u>8,263</u>	<u>15,415</u>	<u>3,094</u>	<u>266,586</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 109,436</u>	<u>\$ 517,341</u>	<u>\$ 77,605</u>	<u>\$ 8,263</u>	<u>\$ 15,415</u>	<u>\$ 3,094</u>	<u>\$ 266,586</u>

**City of Whitewater
Whitewater, WI**

**Non-Major Special Revenue Funds
Combining Balance Sheet
December 31, 2013**

	<u>Parking Permit Fund</u>	<u>Rescue Squad Trust Fund</u>	<u>Police Dept. Trust Fund</u>	<u>Rock River Storm Water Group</u>	<u>TIF 4 - County Escrow</u>	<u>Non-Major Special Revenue Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 34,014	\$ 53,757	\$ 62,170	\$ 50,322	\$ 383,798	\$ 1,520,745
Receivables:						
Other	-	-	-	-	-	24,630
Due from Other Governments	-	-	-	-	-	36,426
Total Assets	<u>\$ 34,014</u>	<u>\$ 53,757</u>	<u>\$ 62,170</u>	<u>\$ 50,322</u>	<u>\$ 383,798</u>	<u>\$ 1,581,801</u>
LIABILITIES						
Accounts Payable	\$ 192	\$ -	\$ 8,678	\$ -	\$ -	\$ 17,890
Accrued Liabilities	-	-	-	-	-	6,365
Payable to Other Governments	-	-	-	-	-	646
Total Liabilities	<u>192</u>	<u>-</u>	<u>8,678</u>	<u>-</u>	<u>-</u>	<u>24,901</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	-	-	-	-	-	24,717
FUND BALANCE						
Restricted	33,822	53,757	53,492	50,322	383,798	1,532,183
Total Fund Balance	<u>33,822</u>	<u>53,757</u>	<u>53,492</u>	<u>50,322</u>	<u>383,798</u>	<u>1,532,183</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 34,014</u>	<u>\$ 53,757</u>	<u>\$ 62,170</u>	<u>\$ 50,322</u>	<u>\$ 383,798</u>	<u>\$ 1,581,801</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended December 31, 2013**

	Cable TV Fund	Library Special Revenue Fund	Taxicab Grant Program Fund	Parkland Acquisition Fund	Parkland Development Fund	Forestry Fund	Rescue Squad Equipment/ Educ. Fund
REVENUES							
Intergovernmental	\$ -	\$ 280,668	\$ 112,524	\$ -	\$ -	\$ -	\$ -
Fines, Forfeits and Penalties	-	14,392	-	-	-	-	-
Public Charges for Services	98,521	8,159	-	-	155	-	-
Intergovernmental Charges for Services	-	-	-	-	-	-	-
Interest Income	204	1,940	-	-	-	22	447
Miscellaneous Income	300	27,458	-	267	471	250	-
Total Revenues	<u>99,025</u>	<u>332,617</u>	<u>112,524</u>	<u>267</u>	<u>626</u>	<u>272</u>	<u>447</u>
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	-	6,255
Public Works	-	-	113,961	-	-	-	-
Culture, Recreation and Education	84,275	276,549	-	-	-	-	6,867
Conservation and Development	-	-	-	-	-	10,818	-
Capital Outlay	-	32,264	-	-	10,698	-	-
Total Expenditures	<u>84,275</u>	<u>308,813</u>	<u>113,961</u>	<u>-</u>	<u>10,698</u>	<u>10,818</u>	<u>13,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,750</u>	<u>23,804</u>	<u>(1,437)</u>	<u>267</u>	<u>(10,072)</u>	<u>(10,546)</u>	<u>(12,675)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	13,205	-	-	17,000	-
Transfers Out	(22,000)	-	-	-	-	(10,000)	-
Total Other Financing Sources and Uses	<u>(22,000)</u>	<u>-</u>	<u>13,205</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
Net Change in Fund Balances	(7,250)	23,804	11,768	267	(10,072)	(3,546)	(12,675)
Fund Balances - Beginning	114,440	480,398	40,474	7,996	25,487	6,640	279,261
Fund Balances - Ending	<u>\$ 107,190</u>	<u>\$ 504,202</u>	<u>\$ 52,242</u>	<u>\$ 8,263</u>	<u>\$ 15,415</u>	<u>\$ 3,094</u>	<u>\$ 266,586</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended December 31, 2013**

	Parking Permit Fund	Rescue Squad Trust Fund	Police Dept. Trust Fund	Rock River Storm Water Group	TIF 4 - County Escrow	Non-Major Special Revenue Funds
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,192
License and Permits	-	-	-	32,000	-	32,000
Fines, Forfeits and Penalties	-	-	-	-	-	14,392
Public Charges for Services	32,191	-	-	-	-	139,026
Interest Income	25	199	24	89	-	2,950
Miscellaneous Income	-	-	49,823	-	-	78,569
Total Revenues	<u>32,216</u>	<u>199</u>	<u>49,847</u>	<u>32,089</u>	<u>-</u>	<u>660,129</u>
EXPENDITURES						
Current:						
General Government	-	-	11,480	27,587	-	39,067
Public Safety	3,388	-	-	-	-	9,643
Public Works	-	-	-	-	-	113,961
Culture, Recreation and Education	-	-	-	-	-	367,691
Conservation and Development	-	-	-	-	-	10,818
Capital Outlay	-	-	-	-	-	42,962
Total Expenditures	<u>3,388</u>	<u>-</u>	<u>11,480</u>	<u>27,587</u>	<u>-</u>	<u>584,142</u>
Excess (Deficiency) of Revenues Over Expenditures	28,828	199	38,367	4,502	-	75,987
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	383,798	414,003
Transfers Out	(22,000)	-	-	-	-	(54,000)
Total Other Financing Sources and Uses	<u>(22,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,798</u>	<u>360,003</u>
Net Change in Fund Balances	6,828	199	38,367	4,502	383,798	435,990
Fund Balances - Beginning	26,994	53,558	15,125	45,820	-	1,096,193
Fund Balances - Ending	<u>\$ 33,822</u>	<u>\$ 53,757</u>	<u>\$ 53,492</u>	<u>\$ 50,322</u>	<u>\$ 383,798</u>	<u>\$ 1,532,183</u>

**City of Whitewater
Whitewater, WI**

**Non-Major Capital Project Funds
Combining Balance Sheet
December 31, 2013**

	<u>TID #5</u>	<u>TID #6</u>	<u>TID #7</u>	<u>TID #8</u>	<u>TID #9</u>	<u>Non-Major Capital Project Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 8,711	\$ 8,293	\$ 188	\$ 17,977	\$ 2,368	\$ 37,537
Receivables:						
Taxes	-	61,114	-	407	226	61,747
Total Assets	<u>\$ 8,711</u>	<u>\$ 69,407</u>	<u>\$ 188</u>	<u>\$ 18,384</u>	<u>\$ 2,594</u>	<u>\$ 99,284</u>
LIABILITIES						
Liabilities:						
Advances Payable	\$ -	\$ -	\$ 700	\$ -	\$ -	\$ 700
Total Liabilities	<u>-</u>	<u>-</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>700</u>
DEFERRED INFLOWS OF RESOURCES						
2013 Tax Apportionment	<u>-</u>	<u>61,114</u>	<u>-</u>	<u>407</u>	<u>226</u>	<u>61,747</u>
FUND BALANCE						
Restricted	8,711	8,293	-	17,977	2,368	37,349
Unassigned (Deficit)	-	-	(512)	-	-	(512)
Total Fund Balance (Deficit)	<u>8,711</u>	<u>8,293</u>	<u>(512)</u>	<u>17,977</u>	<u>2,368</u>	<u>36,837</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 8,711</u>	<u>\$ 69,407</u>	<u>\$ 188</u>	<u>\$ 18,384</u>	<u>\$ 2,594</u>	<u>\$ 99,284</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended December 31, 2013**

	<u>TID #5</u>	<u>TID #6</u>	<u>TID #7</u>	<u>TID #8</u>	<u>TID #9</u>	<u>Non-Major Capital Projects Funds</u>
REVENUES						
Property Taxes	\$ -	\$ 30,273	\$ -	\$ 467	\$ 56	\$ 30,796
Interest Income	-	21	-	17	-	38
Total Revenues	<u>-</u>	<u>30,294</u>	<u>-</u>	<u>484</u>	<u>56</u>	<u>30,834</u>
EXPENDITURES						
Current:						
Conservation and Development	150	150	150	150	150	750
Total Expenditures	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>750</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(150)</u>	<u>30,144</u>	<u>(150)</u>	<u>334</u>	<u>(94)</u>	<u>30,084</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	(38,665)	-	-	-	(38,665)
Total Other Financing Sources and Uses	<u>-</u>	<u>(38,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,665)</u>
Net Change in Fund Balances	(150)	(8,521)	(150)	334	(94)	(8,581)
Fund Balances (Deficit) - Beginning	8,861	16,814	(362)	17,643	2,462	45,418
Fund Balances (Deficit) - Ending	<u>\$ 8,711</u>	<u>\$ 8,293</u>	<u>\$ (512)</u>	<u>\$ 17,977</u>	<u>\$ 2,368</u>	<u>\$ 36,837</u>

**City of Whitewater
Whitewater, WI
Combining Statement of Net Position - Component Unit
December 31, 2013**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
ASSETS				
Cash and Investments	\$ 95,153	\$ 1,658,212	\$ 93,753	\$ 1,847,118
Loans Receivable	-	1,077,838	-	1,077,838
Due from Other CDA Funds	-	15,711	-	15,711
Advance Receivable from City	-	750,000	-	750,000
Capital Assets				
Land, Improvements, and Construction in Progress	-	275,172	-	275,172
Other Capital Assets, Net of Depreciation	1,059	5,722,390	-	5,723,449
Total Capital Assets	1,059	5,997,562	-	5,998,621
Total Assets	<u>\$ 96,212</u>	<u>\$ 9,499,323</u>	<u>\$ 93,753</u>	<u>\$ 9,689,288</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 7,282	\$ -	\$ 3,775	\$ 11,057
Due to Other CDA funds	15,711	-	-	15,711
Due to City	-	-	64,000	64,000
Total Liabilities	<u>22,993</u>	<u>-</u>	<u>67,775</u>	<u>90,768</u>
NET POSITION				
Net Investment in Capital Assets	1,059	5,997,562	-	5,998,621
Restricted	-	3,501,761	-	3,501,761
Unrestricted	72,160	-	25,978	98,138
Total Net Position	<u>73,219</u>	<u>9,499,323</u>	<u>25,978</u>	<u>9,598,520</u>
Total Liabilities and Net Position	<u>\$ 96,212</u>	<u>\$ 9,499,323</u>	<u>\$ 93,753</u>	<u>\$ 9,689,288</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Revenues, Expenses and Changes in
Net Position - Component Unit
For the Year Ended December 31, 2013**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Operating Revenues	\$ -	\$ 20,390	\$ 139,478	\$ 159,868
Operating Expenses				
Operating Expenses	107,710	66,627	140,432	314,769
Depreciation	113	121,976	-	122,089
Total Operating Expenses	<u>107,823</u>	<u>188,603</u>	<u>140,432</u>	<u>436,858</u>
Operating Income (Loss)	(107,823)	(168,213)	(954)	(276,990)
Non-Operating Revenues (Expenses)				
Investment Income	109	20,575	-	20,684
Miscellaneous	-	7,958	9,812	17,770
Intergovernmental and Other	106	150,000	-	150,106
Total Non Operating Revenues	<u>215</u>	<u>178,533</u>	<u>9,812</u>	<u>188,560</u>
Transfer In from City	61,803	-	-	61,803
Transfer In from Other CDA Funds	42,668	-	-	42,668
Transfer Out to Other CDA Funds	<u>-</u>	<u>(42,668)</u>	<u>-</u>	<u>(42,668)</u>
Change in Net Position	(3,137)	(32,348)	8,858	(26,627)
Total Net Position - Beginning	<u>76,356</u>	<u>9,531,671</u>	<u>17,120</u>	<u>9,625,147</u>
Total Net Position - Ending	<u>\$ 73,219</u>	<u>\$ 9,499,323</u>	<u>\$ 25,978</u>	<u>\$ 9,598,520</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit
For the Year Ended December 31, 2013**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Cash Flows From Operating Activities				
Received from customers	\$ -	\$ 20,390	\$ 139,478	\$ 159,868
Loans repaid	-	(389,355)	-	(389,355)
Intergovernmental charges	106	150,000	-	150,106
Paid to suppliers for goods and services	(106,000)	(60,115)	(107,635)	(273,750)
Payments to employees for services	(659)	-	-	(659)
Net cash flows from operating activities	<u>(106,553)</u>	<u>(279,080)</u>	<u>31,843</u>	<u>(353,790)</u>
Cash Flows From Investing Activities				
Investment income	109	20,575	-	20,684
Net cash flows from investing activities	<u>109</u>	<u>20,575</u>	<u>-</u>	<u>20,684</u>
Cash Flows From Non-Capital Financing Activities				
Transfers in from City	61,803	-	-	61,803
Transfer in/(out)	42,668	(42,668)	-	-
Net cash flow from noncapital financing activities	<u>104,471</u>	<u>(42,668)</u>	<u>-</u>	<u>61,803</u>
Net increase (decrease) in cash and cash equivalents	(1,973)	(301,173)	31,843	(271,303)
Cash And Cash Equivalents - Beginning Of Year	<u>97,126</u>	<u>740,375</u>	<u>61,910</u>	<u>899,411</u>
Cash And Cash Equivalents - End Of Year	<u>\$ 95,153</u>	<u>\$ 439,202</u>	<u>\$ 93,753</u>	<u>\$ 628,108</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit
For the Year Ended December 31, 2013**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Reconciliation Of Operating Income (Loss) To Net				
Cash Flows From Operating Activities				
Operating income (loss)	\$ (107,823)	\$ (168,213)	\$ (954)	\$ (276,990)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Miscellaneous	106	157,958	9,812	167,876
Noncash items included in income (loss)				
Depreciation	113	121,976	-	122,089
Change in Assets and Liabilities				
Loans receivable	-	(389,355)	200	(389,155)
Accounts payable	1,051	(1,446)	785	390
Due to other funds	-	-	22,000	22,000
	<u>\$ (106,553)</u>	<u>\$ (279,080)</u>	<u>\$ 31,843</u>	<u>\$ (353,790)</u>
Reconciliation Of Cash And Cash Equivalents To The Statement Of Net Position				
Cash and investments - statement of net position - component unit	\$ 95,153	\$ 1,658,212	\$ 93,753	\$ 1,847,118
less: Non-cash equivalents	<u>-</u>	<u>(1,219,010)</u>	<u>-</u>	<u>(1,219,010)</u>
Cash And Cash Equivalents - End Of Year	<u>\$ 95,153</u>	<u>\$ 439,202</u>	<u>\$ 93,753</u>	<u>\$ 628,108</u>

City of Whitewater

**Schedule of Long-Term Debt Principal Payments - Governmental Activities
December 31, 2013**

Year	Totals	2005 TIF #4 General Obligation Refunding Notes	2008 TIF #4 General Obligation Refunding	2009 General Obligation Refunding Bonds	2010 General Obligation Refunding Bonds	2010 Taxable General Obligation Community Development Bonds	2010 General Obligation Refunding Bonds	2010 Taxable General Obligation Community Development Bonds	2012 General Obligation Refunding Bonds
2014	\$ 2,060,000	\$ 475,000	\$ 780,000	\$ 145,000	\$ 230,000	\$ 115,000	\$ 175,000	\$ 55,000	\$ 85,000
2015	2,115,000	495,000	835,000	145,000	190,000	165,000	135,000	60,000	90,000
2016	2,465,000	-	875,000	140,000	125,000	170,000	895,000	35,000	225,000
2017	2,450,000	-	910,000	-	40,000	175,000	915,000	75,000	335,000
2018	1,545,000	-	-	-	-	180,000	935,000	90,000	340,000
2019	1,230,000	-	-	-	-	185,000	690,000	95,000	260,000
2020	1,260,000	-	-	-	-	190,000	710,000	95,000	265,000
2021	685,000	-	-	-	-	195,000	-	220,000	270,000
2022	705,000	-	-	-	-	205,000	-	225,000	275,000
2023	725,000	-	-	-	-	210,000	-	235,000	280,000
2024	750,000	-	-	-	-	220,000	-	240,000	290,000
2025	775,000	-	-	-	-	230,000	-	250,000	295,000
2026	680,000	-	-	-	-	235,000	-	145,000	300,000
2027	700,000	-	-	-	-	245,000	-	150,000	305,000
2028	570,000	-	-	-	-	255,000	-	-	315,000
2029	590,000	-	-	-	-	265,000	-	-	325,000
2030	335,000	-	-	-	-	-	-	-	335,000
2031	345,000	-	-	-	-	-	-	-	345,000
Totals	\$ 19,985,000	\$ 970,000	\$ 3,400,000	\$ 430,000	\$ 585,000	\$ 3,240,000	\$ 4,455,000	\$ 1,970,000	\$ 4,935,000

City of Whitewater

**Schedule of Long-Term Debt Interest Payments - Governmental Activities
December 31, 2013**

Year	Totals	2005 TIF #4 General Obligation Refunding Notes	2008 TIF #4 General Obligation Refunding	2009 General Obligation Refunding Bonds	2010 General Obligation Refunding Bonds	2010 Taxable General Obligation Community Development Bonds	2010 General Obligation Refunding Bonds	2010 Taxable General Obligation Community Development Bonds	2012 General Obligation Refunding Bonds
2014	\$ 655,183	\$ 34,920	\$ 127,500	\$ 12,175	\$ 13,845	\$ 161,900	\$ 107,612	\$ 79,693	\$ 117,538
2015	591,966	17,820	98,250	8,188	9,015	158,680	104,550	78,648	116,815
2016	524,529	-	66,938	4,200	4,455	153,400	102,188	77,298	116,050
2017	454,711	-	34,125	-	1,080	147,280	84,288	76,388	111,550
2018	385,293	-	-	-	-	140,280	65,988	74,175	104,850
2019	342,205	-	-	-	-	132,630	40,275	71,250	98,050
2020	305,961	-	-	-	-	124,028	21,300	67,783	92,850
2021	266,487	-	-	-	-	114,812	-	64,125	87,550
2022	241,972	-	-	-	-	105,062	-	55,435	81,475
2023	216,331	-	-	-	-	94,608	-	46,435	75,288
2024	189,135	-	-	-	-	83,582	-	36,565	68,988
2025	140,290	-	-	-	-	71,702	-	26,125	42,463
2026	129,366	-	-	-	-	58,938	-	14,750	55,678
2027	101,520	-	-	-	-	45,542	-	7,500	48,478
2028	72,185	-	-	-	-	31,332	-	-	40,853
2029	48,695	-	-	-	-	16,032	-	-	32,663
2030	22,100	-	-	-	-	-	-	-	22,100
2031	11,213	-	-	-	-	-	-	-	11,213
Totals	\$ 4,699,142	\$ 52,740	\$ 326,813	\$ 24,563	\$ 28,395	\$ 1,639,808	\$ 526,201	\$ 776,170	\$ 1,324,452