



**Johnson & Block**  
AND COMPANY, INC.

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Certified Public Accountants

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND  
STORMWATER UTILITIES**

Enterprise Funds of the  
City of Whitewater, Wisconsin

**FINANCIAL STATEMENTS**

December 31, 2015 and 2014

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**Whitewater Municipal Water, Stormwater and Wastewater Utilities**  
Enterprise Funds of the City of Whitewater, Wisconsin

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December 31, 2015 and 2014

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Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

May 20, 2016

To the City Council  
Whitewater Municipal Water, Wastewater, and Stormwater Utilities  
Whitewater, Wisconsin

We have audited the accompanying financial statements of the Whitewater Municipal Water, Wastewater, and Stormwater Utilities, enterprise funds of the City of Whitewater, Wisconsin, as of the years ended December 31, 2015 and 2014, which collectively comprise the utilities' 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 Whitewater Municipal Water, Wastewater, and Stormwater Utilities, enterprise funds of the City of Whitewater, Wisconsin, as of the years ended December 31, 2015 and 2014, 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.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Whitewater Municipal Water, Wastewater, and Stormwater Utilities enterprise funds and are not intended to present fairly the financial position of the City of Whitewater, Wisconsin, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, effective January 1, 2015, the Whitewater Municipal Water, Wastewater, and Stormwater Utilities enterprise funds adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Wisconsin Retirement System schedules on page 48 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.

Whitewater Municipal Water, Wastewater, and Stormwater Utilities has not presented the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We note the significant financial events of the Whitewater Municipal Water, Wastewater, and Stormwater Utilities are included in the Management's Discussion and Analysis of the City of Whitewater financial statements.



### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Whitewater Municipal Water, Wastewater, and Stormwater Utilities of 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 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

## **WATER UTILITY**

**WHITEWATER MUNICIPAL WATER UTILITY**  
**Whitewater, WI**

**Statements of Net Position**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 890,883	\$ 994,333
Receivables		
Accounts	145,998	144,220
Interest	4,480	4,480
Due from Other Funds	35,486	33,835
Inventories	12,356	12,356
Total Current Assets	1,089,203	1,189,224
Restricted:		
Restricted Cash	393,052	459,873
Net Pension Asset	60,819	99,846
Total Restricted Assets	453,871	559,719
Capital Assets:		
Land and Improvements	18,132,888	17,938,218
Less Accumulated Depreciation	(6,465,854)	(6,054,135)
Net Capital Assets	11,667,034	11,884,083
Noncurrent Assets:		
Special Assessments	475	951
Total Noncurrent Assets	475	951
Total Assets	13,210,583	13,633,977
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Outflows	66,024	28,158
Total Deferred Outflows of Resources	66,024	28,158
Total Assets and Deferred Outflows of Resources	\$ 13,276,607	\$ 13,662,135

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL WATER UTILITY**  
**Whitewater, WI**

**Statements of Net Position**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 88,675	\$ 32,864
Accrued Liabilities	-	10,877
Accrued Interest Payable	14,109	17,443
Due to Other Funds	27,301	74,810
Compensated Absences	28,212	26,565
Current Portion of Long-Term Debt	199,083	449,083
Total Current Liabilities	357,380	611,642
Non-Current Liabilities:		
Long-Term Debt		
Notes and Bonds Payable	1,790,000	1,989,083
Total Long-Term Debt	1,790,000	1,989,083
Other Liabilities		
Compensated Absences	66,153	62,477
Total Other Liabilities	66,153	62,477
Total Non-Current Liabilities	1,856,153	2,051,560
Total Liabilities	2,213,533	2,663,202
<b>NET POSITION</b>		
Net Investment in Capital Assets	9,944,003	9,725,453
Restricted	239,734	290,897
Unrestricted	879,337	1,010,741
Total Net Postion	11,063,074	11,027,091
Total Liabilities and Position	\$ 13,276,607	\$ 13,690,293

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL WATER UTILITY**  
**Whitewater, WI**

**Statements of Revenues, Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 1,711,764	\$ 1,709,494
Total Operating Revenues	1,711,764	1,709,494
 <b>OPERATING EXPENSES</b>		
Operation and Maintenance	917,864	901,268
Depreciation	393,094	387,877
Total Operating Expenses	1,310,958	1,289,145
Operating Income (Loss)	400,806	420,349
 <b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and Investment Revenue	2,100	1,176
Miscellaneous Non-Operating Revenue	385	175
Interest Expense	(61,710)	(63,330)
Total Non-Operating Revenue (Expenses)	(59,225)	(61,979)
Income (Loss) Before Contributions and Transfers	341,581	358,370
 Capital Contributions	25,175	475
Transfers Out (Tax Equivalent)	(302,615)	(303,210)
Change in Net Position	64,141	55,635
Total Net Position - Beginning	10,998,933	10,815,294
Restatement for GASB 68/71 Implementation	-	128,004
Total Net Position - Ending	\$ 11,063,074	\$ 10,998,933

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL WATER UTILITY**  
**Whitewater, WI**

**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 1,709,986	\$ 1,704,845
Payments to suppliers	(390,120)	(337,560)
Payments to employees	(502,496)	(479,523)
Taxes paid	(302,615)	(303,210)
Net cash provided (used) by operating activities	514,755	584,552
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Proceeds of special assessments	476	475
Acquisition and construction of plant assets	(173,475)	(390,947)
Proceeds of debt	-	510,000
Principal payments on long-term debt	(449,083)	(410,710)
Interest paid	(65,044)	(60,174)
Net cash provided (used) by capital and related financing activities	(687,126)	(351,356)
<u>Cash Flows From Investing Activities:</u>		
Interest on investments	2,100	1,176
Net cash provided from investing activities	2,100	1,176
Net increase (decrease) in cash and equivalents	(170,271)	234,372
Cash and equivalents - beginning of year	1,424,206	1,189,834
Cash and equivalents - end of year	\$ 1,253,935	\$ 1,424,206
<u>Noncash Capital and Related Financing Activities:</u>		
City financed additions to utility plant	\$ 25,175	\$ 475

See accompanying notes to the basic financial statements.

**WHITEWATER MUNICIPAL WATER UTILITY**  
Whitewater, WI

**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

<b>Reconciliation of operating income (loss) to net cash</b>	<b>2015</b>	<b>2014</b>
<b>provided (used) by operating activities</b>	<u>                    </u>	<u>                    </u>
Operating income	\$ 400,806	\$ 420,349
Joint meter	22,605	21,849
Cash Provided by Operating Activities:		
Depreciation	393,094	387,877
Transfer out (tax equivalent)	(302,615)	(303,210)
Pension expense	1,161	-
Changes in Assets and Liabilities:		
Customer accounts receivable	(1,778)	(4,649)
Due from/to other funds	(49,160)	44,697
Other	385	175
Accounts payable	55,811	14,725
Accrued liabilities	(5,554)	2,739
Net cash provided (used) by operating activities	<u>\$ 514,755</u>	<u>\$ 584,552</u>
<b>Reconciliation of cash and cash equivalents to statements</b>		
<b>of net assets accounts</b>		
Cash and cash equivalents	\$ 890,883	\$ 994,333
Restricted Cash	<u>393,052</u>	<u>459,873</u>
Total cash and investments	1,283,935	1,454,206
Less: Noncash equivalents	<u>(30,000)</u>	<u>(30,000)</u>
Cash and Cash Equivalents	<u>\$ 1,253,935</u>	<u>\$ 1,424,206</u>

See accompanying notes to the basic financial statements.

## **WASTEWATER UTILITY**

**WHITEWATER MUNICIPAL WASTEWATER UTILITY**  
**Whitewater, WI**

**Statements of Net Position**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 870,932	\$ 944,458
Receivables		
Accounts	247,824	246,390
Interest	1,559	1,559
Due from Other Governments	700,000	-
Total Current Assets	1,820,315	1,192,407
Restricted:		
Restricted Cash and Cash Equivalents	1,653,668	2,479,339
Net Pension Asset	95,359	156,549
Total Restricted Assets	1,749,027	2,635,888
Capital Assets:		
Land and Improvements	41,607,422	40,695,901
Less Accumulated Depreciation	(25,087,308)	(23,931,004)
Net Capital Assets	16,520,114	16,764,897
Noncurrent Assets		
Property Held for Resale	240,369	205,026
Total Noncurrent Assets	240,369	205,026
Total Assets	20,329,825	20,798,218
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Outflows	103,520	44,150
Total Deferred Outflows of Resources	103,520	44,150
Total Assets and Deferred Outflows of Resources	\$ 20,433,345	\$ 20,842,368

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL WASTEWATER UTILITY**  
**Whitewater, WI**

**Statements of Net Position**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 74,410	\$ 149,697
Accrued Liabilities	-	21,979
Accrued Interest Payable	18,458	21,691
Due to Other Funds	60,603	74,901
Compensated Absences	40,257	41,094
Current Portion of Long-Term Debt	616,645	599,092
Total Current Liabilities	810,373	908,454
Non-Current Liabilities:		
Long-Term Debt		
Compensated Absences	54,026	52,846
Notes Payable	-	30,917
Bonds and Loans Payable	3,924,067	4,509,795
Total Long-Term Debt	3,978,093	4,593,558
Total Liabilities	4,788,466	5,502,012
<b>NET POSITION</b>		
Net Investment in Capital Assets	12,221,587	12,099,009
Restricted	1,591,904	2,389,457
Unrestricted	1,831,388	896,040
Total Net Position	15,644,879	15,384,506
Total Liabilities and Net Position	\$ 20,433,345	\$ 20,886,518

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL WASTEWATER UTILITY**  
**Whitewater, WI**

**Statements of Revenues, Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 2,289,783	\$ 2,271,294
Total Operating Revenues	2,289,783	2,271,294
<b>OPERATING EXPENSES</b>		
Operation and Maintenance	1,440,420	1,547,012
Depreciation	1,178,909	1,174,463
Total Operating Expenses	2,619,329	2,721,475
Operating Income (Loss)	(329,546)	(450,181)
 <b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and Investment Revenue	5,869	4,236
Miscellaneous Non-Operating Revenue	700,000	2,765
Interest Expense	(126,520)	(139,064)
Total Non-Operating Revenue (Expenses)	579,349	(132,063)
Income (Loss) Before Contributions and Transfers	249,803	(582,244)
 Capital Contributions	54,720	56,544
Change in Net Position	304,523	(525,700)
Total Net Position - Beginning	15,340,356	15,665,357
Restatement for GASB 68/71 Implementation	-	200,699
Total Net Position - Ending	\$ 15,644,879	\$ 15,340,356

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL WASTEWATER UTILITY**  
Whitewater, WI

**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 2,288,349	\$ 2,245,754
Payments to suppliers	(687,936)	(605,523)
Payments to employees	(884,490)	(849,944)
Net cash provided (used) by operating activities	715,923	790,287
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of plant assets	(892,144)	(857,837)
Proceeds of debt	-	220,000
Principal payments on long-term debt	(599,092)	(598,690)
Interest paid	(129,753)	(139,050)
Net cash provided (used) by capital and related financing activities	(1,620,989)	(1,375,577)
<u>Cash Flows From Investing Activities:</u>		
Interest on investments	5,869	4,236
Net cash provided (used) by investing activities	5,869	4,236
Net increase (decrease) in cash and equivalents	(899,197)	(581,054)
Cash and equivalents - beginning of year	3,133,547	3,714,601
Cash and equivalents - end of year	\$ 2,234,350	\$ 3,133,547
<u>Noncash capital and related Financing Activities:</u>		
Plant additions financed through accounts payable	\$ -	\$ 66,414
City financed additions to utility plant	\$ 54,720	\$ 56,544

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL WASTEWATER UTILITY**  
Whitewater, WI

**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	<u>2015</u>	<u>2014</u>
Operating income (loss)	\$ (329,546)	\$ (450,181)
Joint meter	(22,605)	(21,849)
Cash Provided by Operating Activities:		
Depreciation	1,178,909	1,174,463
Pension expense	1,820	-
Changes in Assets and Liabilities:		
Customer accounts receivable	(1,434)	(25,540)
Due from/to other funds	(14,298)	41,069
Other assets	-	2,765
Accounts payable	(75,285)	63,688
Accrued liabilities	(21,638)	5,872
Net cash provided (used) by operating activities	<u>\$ 715,923</u>	<u>\$ 790,287</u>
<b>Reconciliation of cash and cash equivalents to statements of net assets accounts</b>		
Cash and cash equivalents	\$ 870,932	\$ 944,458
Restricted Cash	<u>1,653,668</u>	<u>2,479,339</u>
Total cash and investments	2,524,600	3,423,797
Less: Noncash equivalents	<u>(290,250)</u>	<u>(290,250)</u>
Cash and Cash Equivalents	<u>\$ 2,234,350</u>	<u>\$ 3,133,547</u>

See accompanying notes to the financial statements.

**STORMWATER UTILITY**

**WHITEWATER MUNICIPAL STORMWATER UTILITY**  
**Whitewater, WI**

**Statements of Net Position**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 106,021	\$ 193,440
Receivables		
Accounts	20,486	34,568
Other	311,404	-
Total Current Assets	437,911	228,008
Restricted:		
Restricted Cash Equivalents	-	700,000
Net Pension Asset	17,627	28,937
Total Restricted Assets	17,627	728,937
Capital Assets:		
Utility Plant	4,957,912	4,201,560
Less Accumulated Depreciation	(348,692)	(287,591)
Net Capital Assets	4,609,220	3,913,969
Total Assets	5,064,758	4,870,914
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Outflows	19,135	8,161
Total Deferred Outflows of Resources	19,135	8,161
Total Assets and Deferred Outflows of Resources	\$ 5,083,893	\$ 4,879,075

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL STORMWATER UTILITY**  
**Whitewater, WI**

**Statements of Net Position**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 10,294	\$ 53,524
Accrued Interest Payable	7,672	10,463
Due to Other Funds	51,508	65,707
Compensated Absences	10,298	10,032
Current Portion of Long-Term Debt	70,000	65,000
Total Current Liabilities	149,772	204,726
Non-Current Liabilities:		
Compensated Absences	24,744	22,856
Notes Payable	415,000	435,000
Bonds and Loans Payable	810,000	860,000
Total Other Liabilities	1,249,744	1,317,856
Total Liabilities	1,399,516	1,522,582
<b>NET POSITION</b>		
Net Investment in Capital Assets	3,314,220	3,253,969
Restricted for:		
Employee Pension Plan	36,762	37,098
Unrestricted	333,395	102,524
Total Net Position	3,684,377	3,356,493
Total Liabilities and Net Position	\$ 5,083,893	\$ 4,879,075

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL STORMWATER UTILITY**  
**Whitewater, WI**

**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 465,274	\$ 445,753
Total Operating Revenues	465,274	445,753
 <b>OPERATING EXPENSES</b>		
Operation and Maintenance	336,991	280,173
Depreciation	61,101	52,951
Total Operating Expenses	398,092	333,124
Operating Income (Loss)	67,182	112,629
 <b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and Investment Revenue	782	-
Miscellaneous Non-Operating Revenue	311,404	-
Interest Expense	(29,984)	(27,787)
Total Non-Operating Revenue (Expenses)	282,202	(27,787)
Income (Loss) Before Contributions and Transfers	349,384	84,842
 Transfers Out	(21,500)	(21,500)
Change in Net Position	327,884	63,342
Total Net Position - Beginning	3,356,493	3,256,053
Restatement for GASB 68/71 Implementation	-	37,098
Total Net Position - Ending	\$ 3,684,377	\$ 3,356,493

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL STORMWATER UTILITY**  
Whitewater, WI

**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 479,356	\$ 453,480
Payments to suppliers	(195,046)	(103,643)
Payments to employees	(218,384)	(185,444)
Net cash provided (used) by operating activities	65,926	164,393
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of plant assets	(756,352)	(460,884)
Proceeds of debt	-	905,000
Principal payments on long-term debt	(65,000)	-
Interest paid	(32,775)	(19,130)
Net cash provided for (used by) for capital and related financing activities	(854,127)	424,986
<u>Cash Flows From Investing Activities:</u>		
Interest on investments	782	-
Net cash provided from investing activities	782	-
Net increase (decrease) in cash and equivalents	(787,419)	589,379
Cash and equivalents - beginning of year	893,440	304,061
Cash and equivalents - end of year	\$ 106,021	\$ 893,440
<u>Noncash capital and related Financing Activities:</u>		
Plant additions financed through accounts payable	\$ -	\$ 51,091

See accompanying notes to the financial statements.

**WHITEWATER MUNICIPAL STORMWATER UTILITY**  
Whitewater, WI

**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

<b>Reconciliation of operating income (loss) to net cash</b>	2015	2014
<b>provided (used) by operating activities</b>		
Operating income (loss)	\$ 67,182	\$ 112,629
Adjustments to Reconcile Operating Income (Loss) to Net Assets		
Cash Provided by Operating Activities:		
Depreciation	61,101	52,951
Transfer out	(21,500)	(21,500)
Pension expense	336	-
Changes in Assets and Liabilities:		
Customer accounts receivable	14,082	7,727
Due from/to other funds	(14,199)	26,753
Accounts payable	(43,230)	(16,690)
Accrued liabilities	2,154	2,523
Net cash provided for (used by) by operating activities	\$ 65,926	\$ 164,393
 <b>Reconciliation of cash and cash equivalents to statements</b>		
<b>of net assets accounts</b>		
Cash and cash equivalents	\$ 106,021	\$ 193,440
Restricted Cash	-	700,000
Total cash and investments	106,021	893,440
 Cash and Cash Equivalents	\$ 106,021	\$ 893,440

See accompanying notes to the financial statements.

# WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

## Notes to Financial Statements December 31, 2015 and 2014

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### 1. Summary of Significant Accounting Policies

The financial statements of Whitewater Municipal Water, Stormwater, and Wastewater Utilities (utilities) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The financial statements present only the Whitewater Municipal Water, Wastewater, and Stormwater Utilities enterprise funds and are not intended to present fairly the financial position of the City of Whitewater, Wisconsin. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the utilities are described below.

#### A. Reporting Entity

The utilities are separate enterprise funds of the City of Whitewater (municipality). The utilities are managed by a city council. The utilities provide water, wastewater treatment and stormwater service to properties within the municipality.

The water utility operates under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The wastewater and stormwater utility operates under rules and rates established by the city council.

#### B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The utilities are presented as enterprise funds of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements 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 deferred outflows of resources, and liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The utilities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Actual results could differ from those estimates.

# WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

## Notes to Financial Statements December 31, 2015 and 2014

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### 1. Summary of Significant Accounting Policies (Continued)

#### C. Assets, Liabilities and Net Position

##### 1) Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Investments of the utilities' funds are restricted by state statutes. 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 Board, 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 utilities have adopted an investment policy. The policy follows the state statutes for allowable investments.

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. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**C. Assets, Liabilities and Net Position (Continued)**

**2) Receivables/Payables**

Transactions between the utilities and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utilities and other funds of the municipality are reported as due to/from other funds.

The utilities have the right under Wisconsin statutes to place delinquent utility bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

**3) Materials and Supplies**

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

**4) Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

**5) Special Assessments Receivable**

The account represents the balances of special assessments levied against property owners for infrastructure improvements. The balances are receivable over various time periods with interest accrued annually.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**C. Assets, Liabilities and Net Position (Continued)**

**6) Capital Assets**

Capital assets are generally defined by the utilities as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets of the utilities are recorded at cost or the fair market value at the time of contribution to the utilities. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated using the straight-line method over the following useful lives:

	Years
Water Plant	
Source of supply	31-56
Pumping	23-31
Water treatment	30-31
Transmission and distribution	18-77
General	4-34
Wastewater Plant	
Collecting system	50-100
Treatment and disposal	15-40
General	4-40

**Stormwater Plant**

Stormwater infrastructure is depreciated at varying rates. Average useful life is approximately 74 years.

**7) Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utilities.

**8) Long-Term Obligations**

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

# WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

## Notes to Financial Statements December 31, 2015 and 2014

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### C. Assets, Liabilities and Net Position (Continued)

#### 9) Revenues and Expenses

The utilities 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 the utility's principal ongoing operations. The principal operating revenues of the utilities are charges to customers for sales and services. Operating expenses for enterprise 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.

#### 10) Charges for Services

Billings are rendered and recorded quarterly based on metered usage. The utilities do not accrue revenues beyond billing dates.

Current water rates were approved by the PSCW on November 23, 2011.

Current wastewater rates and stormwater rates were approved by the city council.

#### 11) Capital Contributions

Cash and capital assets are contributed in the utilities from customers, the municipality or external parties. The values of property contributed to the utilities are reported as revenue on the statements of revenues, expenses and changes in net assets.

#### 12) Connection Fees

The wastewater utility charges new customers a connection fee to connect to the system. Fees collected are recorded as capital contributions on the statements of revenues, expenses and changes in net assets.

#### 13) Transfers

Transfers include the payment in lieu of taxes to the municipality.

#### 14) Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS), and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**C. Assets, Liabilities and Net Position (Continued)**

**15) Change in Accounting Principle**

Effective January 1, 2015, the utilities adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statements No. 68 and 71 required net position in the water, wastewater, and stormwater utilities to be increased by \$128,004, \$200,699, and \$37,098, respectively. A prior period adjustment was made to reflect the water, wastewater, and stormwater utilities' January 1, 2014 portions of beginning net pension asset of \$99,846, \$156,549, and \$28,937, respectively, and beginning deferred outflows of resources of \$28,158, \$44,150, and \$8,161, respectively, for the utilities' contributions to the WRS after the December 31, 2013 measurement date through December 31, 2014.

**16) Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The utilities have one item that qualifies for reporting in this category. The deferred outflows of resources are for the WRS pension system.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element represents an acquisition of net position which applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The utilities have no items that qualify for reporting in this category.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**2. Deposits and Investments**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) 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, recover of material principal losses may not be significant to individual municipalities.

The utilities may also maintain separate cash and investment accounts at the same financial institutions utilized by the municipality. Federal depository insurance and the State of Wisconsin Guarantee Fund Insurance apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the utilities alone. Investment income on commingled investments of the entire municipality is allocated based on average investment balances.

Investment insurance coverage of the FDIC and SDGF apply to the municipality's total investments. Therefore, coverage for the utilities may be reduced.

**Custodial Credit Risk**

**Deposits:**

Custodial credit risk is the risk that in the event of a financial institution failure, the utilities' deposits may not be returned to the utilities. The utilities maintain certain deposits at the same institutions as the municipality. The custodial credit risk pertaining specifically to the utilities' resources at those institutions cannot be determined individually for those accounts.

The following is a summary of the utilities' total deposit balances at these institutions:

	<u>2015</u>	<u>2014</u>
	Carrying	Carrying
	Value	Value
Deposits in local financial institutions	<u>\$ 3,914,556</u>	<u>\$ 5,771,443</u>

The bank balance of the deposits varies with carrying value. The bank balance was not listed since many of the cash accounts are co-mingled with other City funds. The custodial credit risk applies to the City as a whole and not specifically with utilities. Accordingly, the City's financial statements should be read in conjunction with the utilities.

# WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

## Notes to Financial Statements December 31, 2015 and 2014

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### 2. Deposits and Investments (Continued)

#### Investments:

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

The utilities do not have any investments exposed to custodial credit risk.

The utilities' investment policy does not address this risk.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The utilities do not have any investments exposed to credit risk.

#### Interest Rate Risk

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

The utilities do not have any investments exposed to interest rate risk.

### Reconciliation to the Financial Statements

A reconciliation of the cash and investments to the financial statements:

	2015	2014
Carrying value of deposits	<u>\$ 3,914,556</u>	<u>\$ 5,771,443</u>
	<u>\$ 3,914,556</u>	<u>\$ 5,771,443</u>
Cash and cash equivalents water	\$ 890,883	\$ 994,333
Cash and cash equivalents wastewater	870,932	944,458
Restricted cash water	393,052	459,873
Restricted cash wastewater	1,653,668	2,479,339
Cash and cash equivalents stormwater	106,021	893,440
	<u>\$ 3,914,556</u>	<u>\$ 5,771,443</u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**3. Interfund Receivables/Payables and Transfers**

The following is a schedule of interfund balances for the years ending December 31, 2015 and 2014:

Due To	Due From	2015		2014	
		Amount	Principal Purpose	Amount	Principal Purpose
Water	Wastewater	\$ 34,935	General operations	\$ 33,835	General operations
Water	Municipality	\$ 551	General operations	\$ -	N/A
Municipality	Water	\$ 27,301	General operations	\$ 74,810	General operations
Municipality	Wastewater	\$ 25,668	General operations	\$ 41,067	General operations
Municipality	Stormwater	\$ 51,508	Operations	\$ 65,707	Operations

The following is a schedule of transfer balances for the years ending December 31, 2015 and 2014:

Transfer to	Transfer from	2015		2014	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water	\$ 302,615	Tax equivalent	\$ 303,210	Tax equivalent
Municipality	Stormwater	\$ 21,500	Capital contributions	\$ 21,500	Capital contributions

# WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

## Notes to Financial Statements December 31, 2015 and 2014

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### 4. Restricted Assets

#### Revenue Bond Accounts

Certain proceeds of the utilities' revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The following revenue bond accounts are reported as restricted assets:

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

#### Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the utilities have established an account for replacement of certain mechanical equipment.

#### Restricted Net Position

The following calculation supports the amount of water restricted net position:

	2015	2014
Restricted Assets		
Redemption account	\$ 127,000	\$ 180,336
Reserve account	266,052	279,537
Employee pension plan	126,843	128,004
Total Restricted Assets	519,895	587,877
Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	(266,052)	(279,537)
Current Liabilities Payable From Restricted Assets	(14,109)	(17,443)
Total Restricted Net Position as Calculated	\$ 239,734	\$ 290,897

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**4. Restricted Assets (Continued)**

The following calculation supports the amount of wastewater restricted net position:

	<u>2015</u>	<u>2014</u>
Restricted Assets		
Redemption account	\$ 311,815	\$ 280,725
Reserve account	242,185	268,890
Depreciation account	25,000	25,000
Connection account	305,617	304,998
Replacement account	769,051	1,599,726
Employee pension plan	198,879	200,699
Total Restricted Assets	<u>1,852,547</u>	<u>2,680,038</u>
 Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	<u>(242,185)</u>	<u>(268,890)</u>
 Current Liabilities Payable From Restricted Assets	<u>(18,458)</u>	<u>(21,691)</u>
 Total Restricted Net Position as Calculated	<u><u>\$ 1,591,904</u></u>	<u><u>\$ 2,389,457</u></u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**5. Changes in Capital Assets**

**Water Utility**

A summary of changes in water capital assets for 2015 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 114,124	\$ -	\$ 114,124
Land and land rights	6,727	-	-	6,727
Total Capital Assets Not Being Depreciated	6,727	114,124	-	120,851
Capital assets being depreciated				
Source of supply	633,563	-	-	633,563
Pumping	1,197,906	15,851	900	1,212,857
Water treatment	1,458,742	-	-	1,458,742
Transmission and distribution	14,199,310	46,875	3,080	14,243,105
Administrative and general assets	441,970	21,800	-	463,770
Total Capital Assets Being Depreciated	17,931,491	84,526	3,980	18,012,037
Total Capital Assets	17,938,218	198,650	3,980	18,132,888
Less: Accumulated depreciation	6,054,135	415,699	3,980	6,465,854
Net Capital Assets	<u>\$ 11,884,083</u>	<u>\$ (217,049)</u>	<u>\$ -</u>	<u>\$ 11,667,034</u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**5. Changes in Capital Assets (Continued)**

A summary of changes in water capital assets for 2014 follows:

<u>Water</u>	Beginning Balance	Additions	Deletions	Ending Balance
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	1,197,906	-	-	1,197,906
Water treatment	1,458,742	-	-	1,458,742
Transmission and distribution	13,839,070	386,865	26,625	14,199,310
Administrative and general assets	437,413	4,557	-	441,970
Total Capital Assets Being Depreciated	<u>17,566,694</u>	<u>391,422</u>	<u>26,625</u>	<u>17,931,491</u>
Total Capital Assets	<u>17,573,421</u>	<u>391,422</u>	<u>26,625</u>	<u>17,938,218</u>
Less: Accumulated depreciation	<u>5,671,034</u>	<u>409,726</u>	<u>26,625</u>	<u>6,054,135</u>
Net Capital Assets	<u>\$ 11,902,387</u>	<u>\$ (18,304)</u>	<u>\$ -</u>	<u>\$ 11,884,083</u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**5. Changes in Capital Assets (Continued)**

**Wastewater Utility**

A summary of changes in wastewater capital assets for 2015 follows:

<u>Wastewater</u>	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Construction in progress	\$ 559,403	\$ 885,480	\$ -	\$ 1,444,883
Land and land rights	168,179	-	-	168,179
Total Capital Assets Not Being Depreciated	<u>727,582</u>	<u>885,480</u>	<u>-</u>	<u>1,613,062</u>
Capital Assets Being Depreciated				
Collection system	13,037,019	2,650	-	13,039,669
Treatment and disposal	25,913,581	-	-	25,913,581
General	1,017,719	23,391	-	1,041,110
Total Capital Assets Being Depreciated	<u>39,968,319</u>	<u>26,041</u>	<u>-</u>	<u>39,994,360</u>
Total Capital Assets	40,695,901	911,521	-	41,607,422
Less: Accumulated Depreciation	<u>23,931,004</u>	<u>1,156,304</u>	<u>-</u>	<u>25,087,308</u>
Net Capital Assets	<u>\$ 16,764,897</u>	<u>\$ (244,783)</u>	<u>\$ -</u>	<u>\$ 16,520,114</u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**5. Changes in Capital Asset (Continued)**

A summary of changes in wastewater capital assets for 2014 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ -	\$ 559,403	-	\$ 559,403
Land and land rights	168,179	-	-	168,179
Total Capital Assets Not Being Depreciated	<u>168,179</u>	<u>559,403</u>	<u>-</u>	<u>727,582</u>
Capital Assets Being Depreciated				
Collection system	12,856,941	195,933	15,855	13,037,019
Treatment and disposal	25,913,581	-	-	25,913,581
General	997,285	20,434	-	1,017,719
Total Capital Assets Being Depreciated	<u>39,767,807</u>	<u>216,367</u>	<u>15,855</u>	<u>39,968,319</u>
Total Capital Assets	39,935,986	775,770	15,855	40,695,901
Less: Accumulated Depreciation	<u>22,794,245</u>	<u>1,152,614</u>	<u>15,855</u>	<u>23,931,004</u>
Net Capital Assets	<u>\$17,141,741</u>	<u>\$ (376,844)</u>	<u>\$ -</u>	<u>\$16,764,897</u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**5. Changes in Capital Asset (Continued)**

**Stormwater Utility**

A summary of changes in stormwater capital assets for 2015 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Stormwater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 59,232	\$ 42,025	\$ 52,943	\$ 48,314
Total Capital Assets Not Being Depreciated	<u>59,232</u>	<u>42,025</u>	<u>52,943</u>	<u>48,314</u>
Capital Assets Being Depreciated				
Infrastructure	4,142,328	767,270	-	4,909,598
Less: Accumulated depreciation	<u>287,591</u>	<u>61,101</u>	<u>-</u>	<u>348,692</u>
Net Capital Assets	<u><u>\$ 3,913,969</u></u>	<u><u>\$ 748,194</u></u>	<u><u>\$ 52,943</u></u>	<u><u>\$ 4,609,220</u></u>

A summary of changes in stormwater capital assets for 2014 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Stormwater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ -	\$ 59,232	\$ -	\$ 59,232
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>59,232</u>	<u>-</u>	<u>59,232</u>
Capital Assets Being Depreciated				
Infrastructure	\$ 3,702,246	\$ 452,742	\$ 12,660	\$ 4,142,328
Less: Accumulated depreciation	<u>247,301</u>	<u>52,950</u>	<u>12,660</u>	<u>287,591</u>
Net Capital Assets	<u><u>\$ 3,454,945</u></u>	<u><u>\$ 459,024</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,913,969</u></u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**6. Long-Term Obligations**

**Long-Term Obligations Summary – Water**

Long term debt activity for the year ended December 31, 2015 for the water utility is as follows:

	Balance 1/01/2015	Additions	Reductions	Balance 12/31/2015	Due Within One Year
Revenue Bonds	\$ 1,800,000	\$ -	\$ 360,000	\$ 1,440,000	\$ 105,000
GO Notes and Bonds	638,166	-	89,083	549,083	94,083
Vested Compensated Absences	62,477	3,676	-	66,153	-
Total Other Liabilities	<u>\$ 2,500,643</u>	<u>\$ 3,676</u>	<u>\$ 449,083</u>	<u>\$ 2,055,236</u>	<u>\$ 199,083</u>

Long-term debt activity for the year ended December 31, 2014 for the water utility is as follows:

	Balance 1/01/2014	Additions	Reductions	Balance 12/31/2014	Due Within One Year
Revenue Bonds	\$ 2,150,000	\$ -	\$ 350,000	\$ 1,800,000	\$ 360,000
GO Notes and Bonds	188,876	510,000	60,710	638,166	89,083
Vested Compensated Absences	61,255	1,222	-	62,477	-
Total Other Liabilities	<u>\$ 2,400,131</u>	<u>\$ 511,222</u>	<u>\$ 410,710</u>	<u>\$ 2,500,643</u>	<u>\$ 449,083</u>

**Long-Term Obligations Summary – Wastewater**

Long-term debt activity for the year ended December 31, 2015 for the wastewater utility is as follows:

	Balance 1/01/2015	Additions	Reductions	Balance 12/31/2015	Due Within One Year
Revenue Bonds	\$ 4,857,970	\$ -	\$ 558,175	\$ 4,299,795	\$ 575,729
GO Notes and Bonds	281,834	-	40,917	240,917	40,916
Vested Compensated Absences	52,846	1,180	-	54,026	-
Total Other Liabilities	<u>\$ 5,192,650</u>	<u>\$ 1,180</u>	<u>\$ 599,092</u>	<u>\$ 4,594,738</u>	<u>\$ 616,645</u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**6. Long-Term Obligations (Continued)**

**Long-Term Obligations Summary – Wastewater (Continued)**

Long-term debt activity for the year ended December 31, 2014 for the wastewater utility is as follows:

	Balance 1/01/2014	Additions	Reductions	Balance 12/31/2014	Due Within One Year
Revenue Bonds	\$ 5,408,809	\$ -	\$ 550,839	\$ 4,857,970	\$ 558,175
GO Notes and Bonds	91,124	220,000	29,290	281,834	40,917
Capital Lease	18,561	-	18,561	-	-
Vested Compensated Absences	51,252	1,594	-	52,846	-
Total Other Liabilities	<u>\$ 5,569,746</u>	<u>\$ 221,594</u>	<u>\$ 598,690</u>	<u>\$ 5,192,650</u>	<u>\$ 599,092</u>

**Long-Term Obligations Summary – Stormwater**

Long-term debt activity for the year ended December 31, 2015 for the stormwater utility is as follows:

	Balance 1/01/2015	Additions	Reductions	Balance 12/31/2015	Due Within One Year
GO Notes and Bonds	\$ 1,360,000	\$ -	\$ 65,000	\$ 1,295,000	\$ 70,000
Vested Compensated Absences	22,856	1,888	-	24,744	-
Total Other Liabilities	<u>\$ 1,382,856</u>	<u>\$ 1,888</u>	<u>\$ 65,000</u>	<u>\$ 1,319,744</u>	<u>\$ 70,000</u>

Long-term debt activity for the year ended December 31, 2014 for the stormwater utility is as follows:

	Balance 1/01/2014	Additions	Reductions	Balance 12/31/2014	Due Within One Year
GO Notes and Bonds	\$ 455,000	\$ 905,000	\$ -	\$ 1,360,000	\$ 65,000
Vest Compensated Absences	20,596	2,260	-	22,856	-
Total Other Liabilities	<u>\$ 475,596</u>	<u>\$ 907,260</u>	<u>\$ -</u>	<u>\$ 1,382,856</u>	<u>\$ 65,000</u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**6. Long-Term Obligations (Continued)**

**Long-term Debt – Water**

The following are water debt issues outstanding:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/15</u>
<u>Water Utility</u>					
2011 Mortgage Revenue Bonds	6/7/2011	10/1/2026	1.6-4.0%	940,000	\$ 735,000
2012 Mortgage Revenue Bonds	5/17/2012	10/1/2027	0.85-2.85%	855,000	705,000
		Total Water Utility Revenue Bonds			<u>1,440,000</u>
2010 GO Promissory Note	2/9/2010	12/1/2016	1.2-2.7%	428,343	64,083
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	510,000	485,000
		Total Water Utility Long-Term Debt			<u><u>\$ 1,989,083</u></u>

Water debt service requirements to maturity are as follows:

<u>Year</u>	<b>Water Totals</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 199,083	\$ 56,661	\$ 255,744
2017	140,000	50,089	190,089
2018	145,000	47,046	192,046
2019	145,000	43,829	188,829
2020	150,000	40,311	190,311
2021-2025	840,000	137,100	977,100
2026-2029	370,000	24,238	394,238
	<u>\$ 1,989,083</u>	<u>\$ 399,274</u>	<u>\$ 2,388,357</u>

Substantially all utility plant is subject to a mortgage lien until the bonds are defeased.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**6. Long-Term Obligations (Continued)**

**Long-term Debt – Wastewater**

The following wastewater debt issues are outstanding:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/15</u>
<u>Wastewater Utility</u>					
1996 Clean Water Fund Loan	7/24/1996	5/1/2016	3.08%	\$ 1,563,900	\$ 107,002
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	784,109	2,225,328
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	115,954	220,000
2010 Revenue Bonds	2/9/2010	5/1/2016	2.0-3.25%	1,230,000	532,465
2012 Revenue Bonds	5/17/2012	11/1/2027	0.85-2.85%	1,485,000	1,215,000
	Total Wasterwater Utility Revenue Bonds				<u>4,299,795</u>
2010 GO Promissory Note	2/9/2010	12/1/2016	1.2-2.7%	206,657	30,917
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	220,000	210,000
	Total Wastewater Utility Long-Term Debt				<u><u>\$ 4,540,712</u></u>

Wastewater debt service requirements to maturity are as follows:

<u>Year</u>	<b>Wastewater Totals</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 616,645	\$ 112,317	\$ 728,962
2017	268,205	99,849	368,054
2018	277,809	93,209	371,018
2019	282,544	86,326	368,870
2020	292,414	79,213	371,627
2021-2025	1,560,082	278,670	1,838,752
2026-2030	1,203,491	70,486	1,273,977
2031	39,522	474	39,996
	<u>\$ 4,540,712</u>	<u>\$ 820,544</u>	<u>\$ 5,361,256</u>

Substantially all utility plant is subject to a mortgage lien until the bonds are defeased. All utility revenues are pledged as security of the revenue bonds until the bonds are defeased.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**6. Long-Term Obligations (Continued)**

**Long-term Debt – Stormwater**

The following stormwater debt issue is outstanding:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/15</u>
<u>Stormwater Utility</u>					
2012 GO Refunding Bonds	5/17/2012	9/1/2031	0.85-3.25%	\$ 455,000	\$ 435,000
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	905,000	860,000
			Total Stormwater Utility		<u><u>\$ 1,295,000</u></u>

Stormwater debt service requirements to maturity are as follows:

<u>Year</u>	<b>Stormwater Totals</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 70,000	\$ 28,350	\$ 98,350
2017	75,000	27,600	102,600
2018	75,000	26,760	101,760
2019	75,000	25,700	100,700
2020	80,000	24,475	104,475
2021-2025	460,000	96,188	556,188
2026-2030	430,000	38,633	468,633
2031	30,000	975	30,975
	<u><u>\$ 1,295,000</u></u>	<u><u>\$ 268,681</u></u>	<u><u>\$ 1,563,681</u></u>

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**6. Long-Term Obligations (Continued)**

**Bond Covenant Disclosures**

The following information is provided in compliance with the resolution creating the 2000 revenue bonds:

**Insurance**

The utilities are 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. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

The utilities are covered under the following insurance policies as of December 31, 2015:

Type	Coverage	
Cities and Villages Mutual Insurance		
General Liability	\$ 10,000,000	BI & PD
Automobile	10,000,000	BI & PD
Workers Compensation	Statutory	
Law Enforcement	10,000,000	
Public Officials	10,000,000	
Employment Liability	1,000,000	
Motor Vehicle Comprehensive –		
Replacement Cost	7,078,230	
Motor Vehicle Collision	7,078,230	
Uninsured Motorist	25,000	
Prior Acts	10,000,000	
Prior Errors & Omission	10,000,000	
Municipal Property Insurance Company		
Building/Personal Property/Inland Marine	78,093,772	
Contractors Equipment	2,168,741	
Monies and Securities	10,000	
Employee Tools	52,000	

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**6. Long-Term Obligations (Continued)**

**Debt Coverage – Water**

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.2 times the highest annual debt service of the bonds. The coverage requirement was met as follows:

	2015	2014
Operating revenues	\$ 1,711,764	\$ 1,673,553
Investment income	2,100	1,399
Less: Operation and maintenance expenses	(917,864)	(972,461)
Net Defined Earnings	\$ 796,000	\$ 702,491
Minimum Required Earnings per Resolution:		
Highest annual debt service revenue bonds	\$ 155,188	\$ 409,406
Coverage factor	1.20	1.20
Minimum Required Earnings	\$ 186,226	\$ 491,287

The water utility increased rates late in 2011.

**Debt Coverage – Wastewater**

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.2 times the highest annual debt service of the bonds. The coverage requirement was met as follows:

	2015	2014
Operating revenues	\$ 2,289,783	\$ 2,271,294
Investment income	5,869	4,236
Connection fees	54,720	56,544
Less: Operation and maintenance expenses	(1,440,420)	(1,547,012)
Net Defined Earnings	\$ 909,952	\$ 785,062
Minimum Required Earnings per Resolution:		
Highest annual debt service revenue bonds	682,932	682,932
Coverage factor	1.20	1.20
Minimum Required Earnings	\$ 819,518	\$ 819,518

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**6. Long-Term Obligations (Continued)**

**Number of Customers – Water**

The utility has the following number of customers and billed volumes for 2015 and 2014:

	Customers		Sales (000 gals)	
	2015	2014	2015	2014
Residential	3,097	3,071	105,998	104,674
Commercial	390	390	104,330	103,942
Industrial	44	41	206,050	223,622
Public Authority	123	120	80,584	75,500
Totals	<u>3,654</u>	<u>3,622</u>	<u>496,962</u>	<u>507,738</u>

**Number of Customers – Wastewater**

The utility has the following number of customers and billed volumes for 2015 and 2014:

	Customers		Sales (000 gals)	
	2015	2014	2015	2014
Residential	3,077	3,018	95,398	94,207
Commercial	373	376	82,022	86,844
Industrial	32	37	12,038	12,206
Public Authority	94	94	73,276	65,929
Totals	<u>3,576</u>	<u>3,525</u>	<u>262,734</u>	<u>259,186</u>

**7. Net Position**

Governmental accounting standards require the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**7. Net Position (Continued)**

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

The following calculation supports the water utility net assets invested in capital assets, net of related debt:

	2015	2014
<b>Water Utility</b>		
Capital Assets net of depreciation	\$ 11,667,034	\$ 11,884,082
Less: related long-term debt outstanding	(1,989,083)	(2,438,166)
Total Invested in Capital Assets	9,677,951	9,445,916
 Reserve from borrowing	 266,052	 279,537
Total Net Position - Net Investment in Capital Assets	\$ 9,944,003	\$ 9,725,453

The following calculation supports the wastewater utility net assets invested in capital assets, net of related debt:

	2015	2014
<b>Wastewater Utility</b>		
Capital Assets net of depreciation	\$ 16,520,114	\$ 16,969,923
Less: related long-term debt outstanding	(4,540,712)	(5,139,804)
Total Invested in Capital Assets	11,979,402	11,830,119
 Reserve from borrowing	 242,185	 268,890
Total Net Position - Net Investment in Capital Assets	\$ 12,221,587	\$ 12,099,009

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**7. Net Position (Continued)**

The following calculation supports the stormwater net assets invested in capital assets, net of related debt:

	2015	2014
<b>Stormwater Utility</b>		
Capital Assets net of depreciation	\$ 4,609,220	\$ 3,913,969
Less: related long-term debt outstanding	(1,295,000)	(1,360,000)
Plus: unspent bond proceeds	-	700,000
Total Invested in Capital Assets	3,314,220	3,253,969
Total Net Position - Net Investment in Capital Assets	\$ 3,314,220	\$ 3,253,969

**8. Defined Benefit Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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 participate in the WRS.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**8. Defined Benefit Pension Plan (Continued)**

*Post-Retirement Adjustments.* The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

*Contributions.* Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$387,461 in contributions from the municipality.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**8. Defined Benefit Pension Plan (Continued)**

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

Pension amounts have been allocated to the utilities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the utilities relative to the total contributions made by the municipality. The allocations were as follows: Governmental Activities – 82.27%, Water – 6.08%, Wastewater – 9.53%, Stormwater – 1.76%, and CDA – 0.36%.

At December 31, 2015, the water, wastewater, and stormwater utilities reported assets of \$60,819, \$95,359, and \$17,627, respectively, for their proportionate shares of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utilities' proportions of the net pension asset was based on the municipality's share of contributions to the pension plan relative to the contributions of all participating employers. The municipality's share was then allocated to the utilities, as noted previously. At December 31, 2014, the municipality's proportion was 0.04072418%, which was a decrease of 0.0009288% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the utilities recognized pension expense of \$69,028. This consisted of \$24,162 from water, \$37,872 from wastewater, and \$6,994 from stormwater.

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**8. Defined Benefit Pension Plan (Continued)**

At December 31, 2015, the utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		
Water	\$ 8,817	\$ -
Wastewater	13,824	-
Stormwater	2,555	-
Net difference between projected and actual earnings on pension plan investments		
Water	29,451	-
Wastewater	46,177	-
Stormwater	8,536	-
Changes in proportion and difference between City contributions and proportionate share of contributions		
Water	1,296	-
Wastewater	2,032	-
Stormwater	375	-
City contributions subsequent to the measurement date		
Water	26,460	-
Wastewater	41,487	-
Stormwater	7,669	-
Total	\$ 188,679	\$ -

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

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**8. Defined Benefit Pension Plan (Continued)**

\$75,616 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Water Utility**

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2015	\$ 7,768	\$ -
2016	\$ 7,768	\$ -
2017	\$ 7,768	\$ -
2018	\$ 7,768	\$ -
2019	\$ 7,768	\$ -
Thereafter	\$ 725	\$ -

**Wastewater Utility**

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2015	\$ 12,179	\$ -
2016	\$ 12,179	\$ -
2017	\$ 12,179	\$ -
2018	\$ 12,179	\$ -
2019	\$ 12,179	\$ -
Thereafter	\$ 1,137	\$ -

**Stormwater Utility**

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2015	\$ 2,251	\$ -
2016	\$ 2,251	\$ -
2017	\$ 2,251	\$ -
2018	\$ 2,251	\$ -
2019	\$ 2,251	\$ -
Thereafter	\$ 210	\$ -

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER  
UTILITIES**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**8. Defined Benefit Pension Plan (Continued)**

*Actuarial assumptions.* The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset):	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009–2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

*Long-term expected Return on Plan Assets.* The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

# WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

## Notes to Financial Statements December 31, 2015 and 2014

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### 8. Defined Benefit Pension Plan (Continued)

*Single Discount rate.* A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the municipality's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the municipality's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate. The below amounts illustrated are for the municipality as whole:

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
City's proportionate share of the net pension liability (asset)	\$ 2,822,011	\$ (1,000,298)	\$ (4,019,002)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

### 9. Significant Customers

#### Water Utility

The utility has one significant customer who was responsible for approximately 25.3% of operating revenues.

### 10. Commitments and Contingencies

#### Claims and Legal Items

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES  
WISCONSIN RETIREMENT SYSTEM SCHEDULES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

Last 10 Fiscal Years\*

	2015
Water's proportion of the net pension liability (asset)	0.00247603 %
Water's proportionate share of the net pension liability (asset)	\$ (60,818)
Water's covered-employee payroll	\$ 293,431
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(20.73) %
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74 %
Wastewater's proportion of the net pension liability (asset)	0.00388101 %
Wastewater's proportionate share of the net pension liability (asset)	\$ (95,328)
Wastewater's covered-employee payroll	\$ 459,933
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(20.73) %
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74 %
Wastewater's proportion of the net pension liability (asset)	0.00071675 %
Wastewater's proportionate share of the net pension liability (asset)	(17,605)
Wastewater's covered-employee payroll	84,940
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(20.73) %
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74 %

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**SCHEDULE OF CONTRIBUTIONS**

Last 10 Fiscal Years\*

	2015
Contractually required contributions - Water	\$ 26,460
Contributions in relation to the contractually required contributions - Water	\$ 26,460
Contribution deficiency (excess) - Water	\$ -
Water's covered-employee payroll	\$ 371,125
Contributions as a percentage of covered-employee payroll - Water	7.13 %
Contractually required contributions - Wastewater	\$ 41,487
Contributions in relation to the contractually required contributions - Wastewater	\$ 41,487
Contribution deficiency (excess) - Wastewater	\$ -
Wastewater's covered-employee payroll	\$ 633,213
Contributions as a percentage of covered-employee payroll - Wastewater	6.55 %
Contractually required contributions - Stormwater	\$ 7,668
Contributions in relation to the contractually required contributions - Stormwater	\$ 7,668
Contribution deficiency (excess) - Stormwater	\$ -
Stormwater's covered-employee payroll	\$ 160,100
Contributions as a percentage of covered-employee payroll - Stormwater	4.79 %

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The utilities implemented Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 preceding years.

**SUPPLEMENTAL INFORMATION**

**Whitewater Municipal Water Utility**

**Water Utility Plant  
December 31, 2015**

	Balance 1/01/2015	Additions	Retirements	Balance 12/31/2015
<b>Source of Supply</b>				
Land and land rights	\$ 3,603	\$ -	\$ -	\$ 3,603
Structures and improvements	30,984	-	-	30,984
Wells and springs	585,549	-	-	585,549
Supply mains	17,029	-	-	17,029
Total Source of Supply	<u>637,165</u>	<u>-</u>	<u>-</u>	<u>637,165</u>
<b>Pumping</b>				
Structures and improvements	463,697	-	-	463,697
Electric pumping equipment	659,052	-	-	659,052
Diesel pumping equipment	51,851	-	-	51,851
Other pumping equipment	23,306	15,851	900	38,257
Total Pumping	<u>1,197,906</u>	<u>15,851</u>	<u>900</u>	<u>1,212,857</u>
<b>Water Treatment</b>				
Structures and improvements	370,874	-	-	370,874
Water treatment equipment	1,087,868	-	-	1,087,868
Total Water Treatment	<u>1,458,742</u>	<u>-</u>	<u>-</u>	<u>1,458,742</u>
<b>Transmission and Distribution</b>				
Land and land rights	898	-	-	898
Distribution reservoirs and standpipes	504,482	-	-	504,482
Transmission and distribution mains	10,395,082	2,098	-	10,397,180
Services	1,374,748	24,700	440	1,399,008
Meters	815,455	14,887	1,790	828,552
Hydrants	1,109,544	5,190	850	1,113,884
Total Transmission and Distribution	<u>14,200,209</u>	<u>46,875</u>	<u>3,080</u>	<u>14,244,004</u>
<b>General</b>				
Land and land rights	2,226	-	-	2,226
Structures and improvements	92,182	-	-	92,182
Office furniture and equipment	19,334	-	-	19,334
Computer equipment	54,246	-	-	54,246
Transportation equipment	92,649	21,800	-	114,449
Stores equipment	392	-	-	392
Tools, shop and garage equipment	33,245	-	-	33,245
Laboratory equipment	1,371	-	-	1,371
Power-operated equipment	43,747	-	-	43,747
Communication equipment	19,639	-	-	19,639
SCADA equipment	79,700	-	-	79,700
Miscellaneous equipment	5,465	-	-	5,465
Total General	<u>444,196</u>	<u>21,800</u>	<u>-</u>	<u>465,996</u>
<b>Total Water Utility Plant</b>	<u>\$ 17,938,218</u>	<u>\$ 198,650</u>	<u>\$ 3,980</u>	<u>\$ 18,132,888</u>

**Whitewater Municipal Water Utility  
Rate of Return - Regulatory Basis**

**December 31, 2015 and 2014**

	Water	
	2015	2014
Utility Plant in Service (excluding contributed plant)		
Beginning of year	\$ 10,655,902	\$ 10,291,106
End of year	10,709,958	10,655,902
Average	10,682,930	10,473,504
Accumulated Depreciation		
Beginning of year	(3,265,888)	(3,041,359)
End of year	(3,516,349)	(3,265,888)
Average	(3,391,119)	(3,153,624)
Materials and Supplies		
Beginning of year	12,356	12,356
End of year	12,356	12,356
Average	12,356	12,356
Regulatory Liability		
Beginning of year	(458,924)	(509,914)
End of year	(407,931)	(458,924)
Average	(433,428)	(484,419)
Average Net Rate Base	\$ 6,870,739	\$ 6,847,817
Operating Income - Regulatory Basis	\$ 241,721	\$ 284,152
Rate of Return (Percent)	3.52%	4.15%

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as described in the Notes to the Financial Statements as well as PSC order 05-US-105, which was effective January 1, 2003 as amended September 8, 2004.

**Whitewater Municipal Wastewater Utility**

**Wastewater Utility Plant  
December 31, 2015**

	<u>Balance 1/01/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2015</u>
<b>Collecting System</b>				
Lift stations	\$ 1,070,206	\$ -	\$ -	\$ 1,070,206
Collecting mains	9,077,110	2,649	-	9,079,759
Interceptor mains	2,773,904	-	-	2,773,904
Force mains	115,800	-	-	115,800
Total Collecting System	<u>13,037,020</u>	<u>2,649</u>	<u>-</u>	<u>13,039,669</u>
<b>Treatment and Disposal</b>				
Land and improvements	168,179	-	-	168,179
Structures and improvements	7,956,929	-	-	7,956,929
Preliminary treatment equipment	1,743,138	-	-	1,743,138
Primary treatment equipment	655,419	-	-	655,419
Secondary treatment equipment	5,133,209	-	-	5,133,209
Advanced treatment equipment	1,603,274	-	-	1,603,274
Chlorination equipment	786,910	-	-	786,910
Sludge treatment and disposal equipment	5,634,642	-	-	5,634,642
Plant site piping	1,953,828	-	-	1,953,828
Flow metering and monitoring equipment	159,203	-	-	159,203
Flow metering and monitoring equipment	232,936	-	-	232,936
Flow metering and monitoring equipment	54,093	-	-	54,093
Total Treatment and Disposal	<u>26,081,760</u>	<u>-</u>	<u>-</u>	<u>26,081,760</u>
<b>General</b>				
Structures and improvements	61,637	-	-	61,637
Office furniture and equipment	62,556	-	-	62,556
Computer equipment	57,898	-	-	57,898
Transportation equipment	346,286	23,392	-	369,678
Communication equipment	206,565	-	-	206,565
Other general equipment	282,776	-	-	282,776
Total General	<u>1,017,718</u>	<u>23,392</u>	<u>-</u>	<u>1,041,110</u>
<b>Construction Work In Progress</b>	<u>559,403</u>	<u>885,480</u>	<u>-</u>	<u>1,444,883</u>
<b>Total Wastewater Utility Plant</b>	<u>\$ 40,695,901</u>	<u>\$ 911,521</u>	<u>\$ -</u>	<u>\$ 41,607,422</u>