



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

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Certified Public Accountants

**CITY OF WHITEWATER**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

*Quality service through our commitment to clients and staff.*

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**City of Whitewater**

**Table of Contents**

**December 31, 2014**

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	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	i-xiii
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities .....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	4
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds .....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities .....	6
Statement of Net Position – Proprietary Funds .....	7-8
Statement of Revenues, Expenses and Changes in	
Fund Net Position – Proprietary Funds.....	9
Statement of Cash Flows – Proprietary Funds .....	10-11
Statement of Fiduciary Net Position – Fiduciary Funds.....	12
Notes to the Financial Statements.....	13-50
REQUIRED SUPPLEMENTARY INFORMATION:	
Major Funds	
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual - General Fund .....	51
OTHER SUPPLEMENTAL INFORMATION:	
Non-Major Funds	
Combining Statements	
Balance Sheet – Combining General Fund .....	52
Statement of Revenues, Expenditures and Changes in	
Fund Balances – General Fund.....	53
Balance Sheet – Non-Major Governmental Funds.....	54
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Governmental Funds .....	55
Combining Balance Sheet – Non-Major Special Revenue Funds .....	56-57
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Special Revenue Funds .....	58-59
Combining Balance Sheet – Non-Major Capital Projects Funds .....	60
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Capital Projects Funds.....	61
Combining Statement of Net Position – Component Unit .....	62
Combining Statement of Revenues, Expenses and Changes in Net Position – Component Unit .....	63

**City of Whitewater**

**Table of Contents**

**December 31, 2014**

---

Page

OTHER SUPPLEMENTAL INFORMATION (Continued):

Non-Major Funds (Continued)

Combining Statements (Continued)

Combining Statement of Cash Flows – Component Unit .....	64-65
Schedule of Long-Term Debt Principal Payments – Governmental Activities .....	66
Schedule of Long-Term Debt Interest Payments – Governmental Activities.....	67



Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

May 4, 2015

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, 2014, 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, 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.

### ***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 2014**



## CITY OF WHITEWATER

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014 and 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, 2014. 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.

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#### FINANCIAL HIGHLIGHTS

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The City's total net position increased \$708,757, or 1.33% from the prior year. The net position for governmental activities increased \$1,115,480 while net position of the business-type activities declined by \$406,723. The Community Development Authority-CDA-a component unit of the city, net position increased by \$36,881.

The assets of the City of Whitewater exceeded its liabilities and deferred inflows of resources as of December 31, 2014 by \$53,922,421 (net position). Of this amount, \$5,233,668 (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 \$3,294,394 and \$1,959,274 for governmental and business-type activities, respectively.

As of December 31, 2014, the City of Whitewater's governmental funds reported combined ending fund balances of \$5,823,490, a decrease of \$506,376 in comparison with the prior year. Approximately 27.2% of this total, or \$1,581,733 (unassigned fund balance), is available for spending at the government's discretion.

The city's water utility had an operating income in 2014 of \$420,349. Unrestricted net position increased by \$145,959. The water utility's total net position increased by \$55,635 to \$10,870,929. The approved Rate of Return is 6%. For 2014, the Rate of Return equaled 4.13%. The utility filed a Simplified Rate Case application with the Wisconsin PSC in April, 2014. The 2014 approved rate factor is 3.0%. The increase was approved and was effective with water usage after June 26.

The wastewater utility had an operating loss of \$450,181 in 2014. The utility's total net position decreased by \$525,700. 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; by 3% on June 26, 2014. The wastewater utility is currently reviewing user rate in anticipation of a Clean Water Fund project of approximately \$20.7 million in plant improvements. Rate would be adjusted in early 2016.

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#### OVERVIEW OF THE FINANCIAL STATEMENTS

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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.

## CITY OF WHITEWATER

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014 and 2013

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#### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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- 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. 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, 2014 and 2013

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#### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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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 41 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.

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#### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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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 82.4%) 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**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013**

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

CITY OF WHITEWATER'S NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	12,196,696	12,939,856	6,239,409	5,882,219	18,436,105	18,822,075
Capital Assets	<u>39,997,312</u>	<u>38,040,457</u>	<u>32,562,949</u>	<u>32,499,074</u>	<u>72,560,261</u>	<u>70,539,531</u>
<b>Total Assets</b>	<u><b>52,194,008</b></u>	<u><b>50,980,313</b></u>	<u><b>38,802,358</b></u>	<u><b>38,381,293</b></u>	<u><b>90,996,366</b></u>	<u><b>89,361,606</b></u>
Non-Current Liabilities	18,669,431	18,312,147	7,962,974	7,449,548	26,632,405	25,761,695
Other Liabilities	<u>4,044,650</u>	<u>4,136,613</u>	<u>1,509,403</u>	<u>1,195,041</u>	<u>5,554,053</u>	<u>5,331,654</u>
<b>Total Liabilities</b>	<u><b>22,714,081</b></u>	<u><b>22,448,760</b></u>	<u><b>9,472,377</b></u>	<u><b>8,644,589</b></u>	<u><b>32,186,458</b></u>	<u><b>31,093,349</b></u>
Deferred Inflows of Resources	4,887,487	5,054,593	-	-	4,887,487	5,054,593
Net Position:						
Net Investment in Capital Assets	19,427,312	19,656,681	25,019,056	24,694,317	44,446,368	44,350,998
Restricted	1,870,734	2,238,180	2,351,651	2,571,171	4,222,385	4,809,351
Unrestricted	<u>3,294,394</u>	<u>1,582,099</u>	<u>1,959,274</u>	<u>2,471,216</u>	<u>5,253,668</u>	<u>4,053,315</u>
<b>TOTAL NET POSITION</b>	<u><b>24,592,440</b></u>	<u><b>23,476,960</b></u>	<u><b>29,329,981</b></u>	<u><b>29,736,704</b></u>	<u><b>53,922,421</b></u>	<u><b>53,213,664</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<u><b>52,194,008</b></u>	<u><b>50,980,313</b></u>	<u><b>38,802,358</b></u>	<u><b>38,381,293</b></u>	<u><b>90,996,366</b></u>	<u><b>89,361,606</b></u>

**NET POSITION:** The City of Whitewater's combined net position increased 1.34% between fiscal years 2013 and 2014 to \$53,922,421. 54.39% of the 2014 net position are business-type activities of the City Water, Wastewater, and Stormwater Utilities. The governmental activities had a increase in net position-\$1,115,480 for the year, while the business-type activities experienced a decline of \$406,723.

**ASSETS:** Governmental Activities: Taxes Receivable increased by \$117,887. Special Assessment Receivable, Accounts Receivables, and Other Receivables decreased by \$152,765. Due from Other Governmental Units increased by \$352,700. Net Capital Assets increased by \$1,956,855 to a total of \$39,997,312.

**LIABILITIES:** Governmental Activities: Non-Current Liabilities increased by \$357,284. Deferred inflows of resources decreased by \$167,106. Due to Component Unit equals \$762,500 which represents the advance from the CDA-Fund 910 for the building of the Innovation Center plus \$12,500 for an operating transfer. The Innovation Center is an asset of the CDA. The net book value of the Innovation Center as of 12/31/14 was \$5,600,413.

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013**

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

<b>CITY OF WHITEWATER</b>						
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>						
	Governmental Activities		Business-type Activities		Combined-Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,336,960	1,349,964	4,426,541	4,256,163	5,763,501	5,606,127
Operating grants and contributions	1,675,198	1,348,035	1,388	2,413	1,676,586	1,350,448
Capital grants and contributions	37,325	1,894	57,019	60,667	94,344	62,561
General Revenues:						
Property Taxes	4,773,816	4,628,910	-	-	4,773,816	4,628,910
Other Taxes	103,104	113,753	-	-	103,104	113,753
Intergovernmental	3,738,859	3,734,674	-	-	3,738,859	3,734,674
Investment Income	17,927	20,313	5,412	7,083	23,339	27,396
Miscellaneous	467,587	858,869	1,550	-	469,137	858,869
<b>Total Revenues</b>	<b>12,150,776</b>	<b>12,056,412</b>	<b>4,491,910</b>	<b>4,326,326</b>	<b>16,642,686</b>	<b>16,382,738</b>
Expenses:						
General government	1,667,774	1,616,705	-	-	1,667,774	1,616,705
Public Safety	4,325,384	4,470,621	-	-	4,325,384	4,470,621
Public Works	2,749,492	2,218,394	-	-	2,749,492	2,218,394
Leisure activities	1,795,911	1,752,251	-	-	1,795,911	1,752,251
Conservation and Development	133,297	141,430	-	-	133,297	141,430
Interest and fiscal charges	602,845	761,338	221,886	232,291	824,731	993,629
Water Utility	-	-	1,289,144	1,357,825	1,289,144	1,357,825
Sewer Utility	-	-	2,721,474	2,503,256	2,721,474	2,503,256
Stormwater Utility	-	-	341,419	328,148	341,419	328,148
<b>Total Expenses</b>	<b>11,274,703</b>	<b>10,960,739</b>	<b>4,573,923</b>	<b>4,421,520</b>	<b>15,848,626</b>	<b>15,382,259</b>
Increases in net position before transfers	876,073	1,095,673	(82,013)	(95,194)	794,060	1,000,479
Transfers	239,407	113,179	(324,710)	(174,981)	(85,303)	(61,802)
Increase in net position	<u>1,115,480</u>	<u>1,208,852</u>	<u>(406,723)</u>	<u>(270,175)</u>	<u>708,757</u>	<u>938,677</u>
NET Position-January 1	<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>
<b>Net Position-December 31</b>	<b><u>24,592,440</u></b>	<b><u>23,476,960</u></b>	<b><u>29,329,981</u></b>	<b><u>29,736,704</u></b>	<b><u>53,922,421</u></b>	<b><u>53,213,664</u></b>

CITY OF WHITEWATER

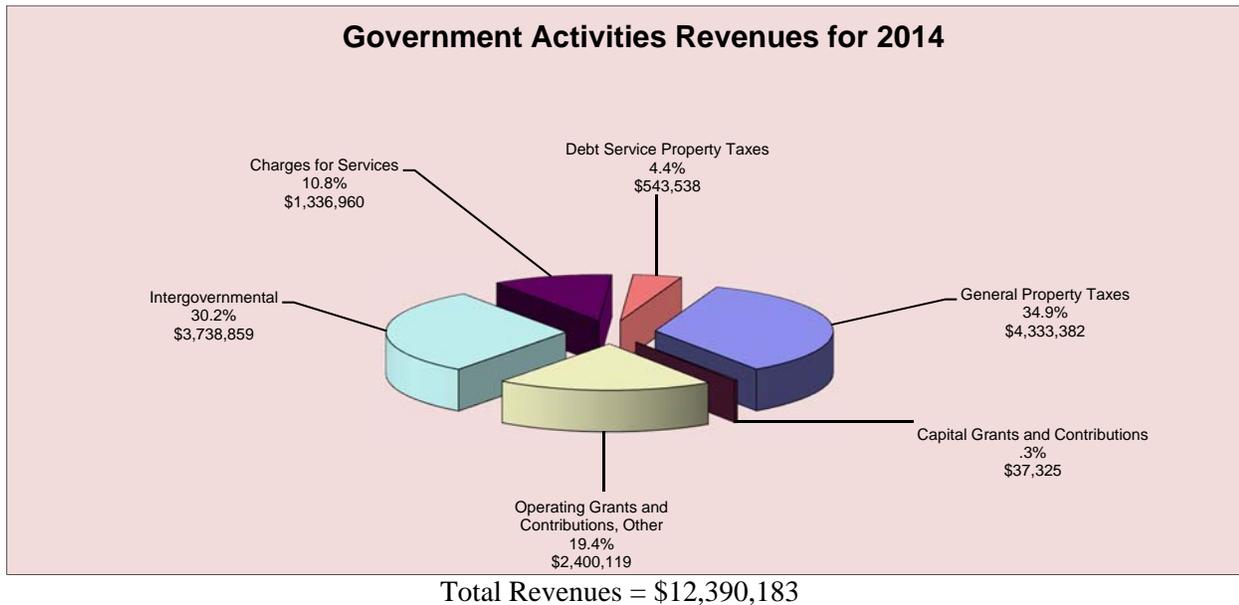
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013

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

Governmental Activities:

Change in Net Position: The City's 2014 revenues for both governmental and business-type activities total \$16,642,686 and expenses total \$15,848,626. These totals plus transfers resulted in an increase in net position of \$708,757. Net position increased by \$1,115,480 for **governmental activities**. One cause of the increase was due to property taxes increase of \$144,906. Program revenues increased \$349,590 due to a increase in capital grants and contributions; general revenues declined by \$255,226 while total expenses increased by \$313,964.

Revenues for the City of Whitewater's governmental activities total \$12,390,183 with intergovernmental revenues (largely state shared-revenues) being the largest revenue source for governmental activities, accounting for 30.2% (\$3,738,859) 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 4.4% (\$543,538) of total revenues, were collected to pay for the principal and interest due in 2014. General property taxes accounted for 34.9% (\$4,333,382) of governmental revenues in 2014. Charges for services contributed 10.8% (\$1,336,960); operating/capital grants, other taxes, interest income, contributed 19.4% (\$2,400,119) of the total revenues. Capital grants were \$37,325 of revenues.



CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013

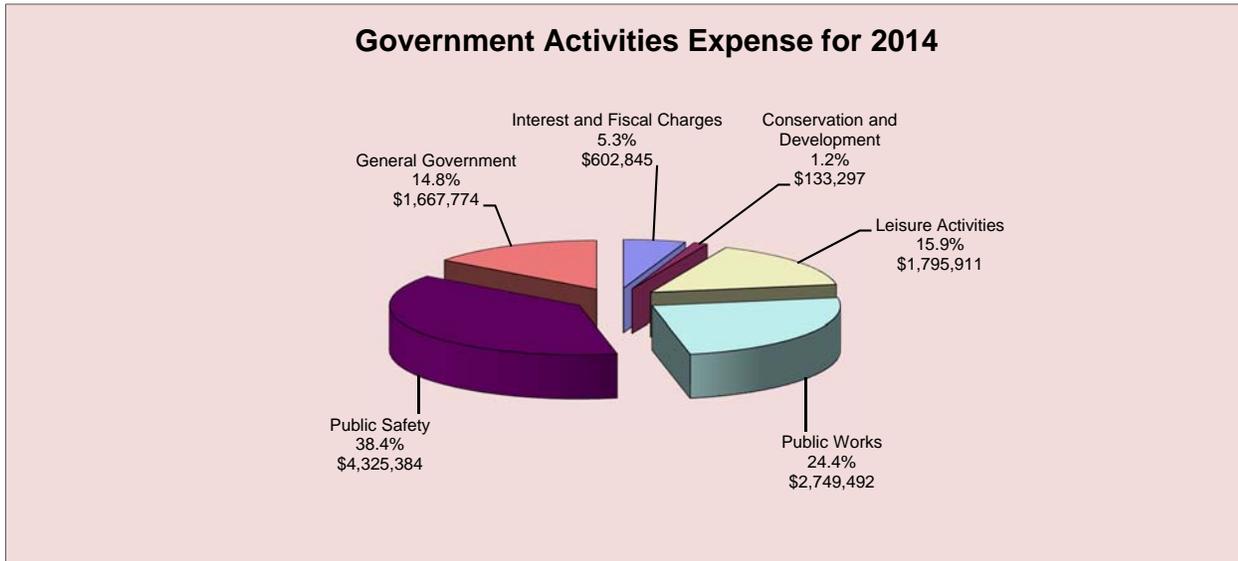
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**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)**

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*Governmental Activities (cont.) :*

Governmental activities expenditures total \$11,274,703. Public Safety activities amount for 38.4% (\$4,325,384), 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 24.4% (\$2,749,492), 14.8% (\$1,667,774), and 15.9% (\$1,795,911), respectively, of total expenditures for 2014. Conservation/Development--1.2% (\$133,297); Interest/Fiscal Charges—5.3% (\$602,845).



Total Expenses = \$11,274,703

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (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 2014 was \$11,274,703. However, the amount paid through the City's property tax was only \$4,773,816. The breakout of property taxes are \$2,473,908 (General Properties), \$543,538 (Debt Service); \$1,756,369 (TIF Districts); \$103,104 (Other Taxes). Some of the costs were paid by:

- Those directly benefiting from the programs-Charges for Service/Fees/Permits - (\$866,534)
- State of Wisconsin Shared Revenue-Aidable - (\$2,833,899)
- Utility Shared Revenues-State of Wisconsin - (\$495,697)
- State Aids-Roads/Highways - (\$688,415)
- Fines and Forfeitures - (\$346,401)

			<b>Cost of Services</b>	<b>Charges for Services, Operating &amp; Capital Grants, Contributions</b>	<b>Net Cost of Services</b>
General Government			1,667,774	283,627	1,384,147
Public Safety			4,325,384	1,049,017	3,276,367
Public Works			2,710,039	1,131,740	1,578,299
Culture and Recreation			1,795,911	480,580	1,315,331
Conservation and Development			133,297	104,519	28,778
Interest and Fiscal Charges			602,845	-	602,845
Capital Outlays			39,453	-	39,453
		<b>Total</b>	<b>11,274,703</b>	<b>3,049,483</b>	<b>8,225,220</b>

**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 \$112,866 to \$2,439,205 which represents 25.75% of the expenditures for calendar/budget year 2015 expenses. Of that amount, \$1,593,441 or 65.33% 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**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013**

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

**WATER, WASTEWATER, AND STORMWATER UTILITY**

The **Water Utility** earned a 4.13% return on its rate base in 2014 compared to 2.77% in 2013. The water utilities (GAAP Basis) operating revenues increased \$3,090 to \$1,709,494 and the operating expenses decreased by \$65,601 to \$1,289,145. The primary reason for the decrease in operating expenses was due to the fact that in 2013 a well rehab was performed on well # 5. Normal operating expenses resumed in 2014. The Cogentrix power plant water usage remained stable when compared to 2013. Total usage for the Cogentrix power plant was 209,497,000 or 41.26% of the water sold. Charges for services attributed to the Cogentrix power plant increased by \$10,030 to \$320,141.

The **Wastewater Utility** operating income declined \$29,859 in 2014 to \$2,271,294. Operating expenses increased by \$220,107 to \$2,721,455. Water rates were adjusted by 3% on June 24, 2014.

The **Stormwater Utility** operating revenues increased by \$32,950 to \$445,753. The operating income was \$112,629 in 2014. The monthly charge is \$5.58 per ERU(Equivalent Runoff Unit). Most residential properties equal 1.0 ERU. The Stormwater utility ERU monthly rate was increased from \$4.75 to \$5.58 as of July 1, 2014. The increase provided funding for the debt service costs of improvements primarily in Basin 15.

	<u>Operating Revenues</u>		<u>Operating Expenses</u>		<u>Operating Income (Loss)</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Water Utility	\$ 1,709,494	1,706,404	1,289,145	1,354,746	420,349	351,658
Wastewater Utility	2,271,294	2,301,153	2,721,475	2,501,368	(450,181)	(200,215)
Stormwater Utility	445,753	412,803	333,124	326,342	112,629	86,461

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Total Change</u>
Land/Right of Way/Improvements	10,048,889	9,699,248	349,641
Construction in Progress	44,486	334,206	(289,720)
Traffic and street lights	654,381	682,377	(27,996)
Buildings and Improvements	8,037,623	7,268,643	768,980
Machinery & Equipment	2,276,540	2,194,367	82,173
Streets/Sidewalks/Curb & Gutter	18,935,393	17,861,616	1,073,777
<b>Capital Assets, Net of Depreciation</b>	<b><u>39,997,312</u></b>	<b><u>38,040,457</u></b>	<b><u>1,956,855</u></b>

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.

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)**

The City (Primary Government) had capital assets of \$39,997,312 in the governmental activities and \$32,562,949 in the business-like activities for a total of \$72,560,261 at the end of 2014. 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 55.13% and the business-type activities total 44.87%. The business-type activities represent the water utility with 36.50%, the wastewater utility having 51.49%, and the stormwater utility 12.01% of the capital assets.

<b>BUSINESS-TYPE ACTIVITIES</b>				<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>Water</b>						
Land and Land Rights		\$	6,727	6,727	-	
Source of Supply			633,563	633,562	1	
Pumping			1,197,906	1,197,906	-	
Water Treatment			1,458,742	1,458,742	-	
Transmission and Distribution			14,199,310	13,839,071	360,239	
General			441,970	437,413	4,557	
Construction in Progress			-	-	-	
Less: Accumulated Depreciation			(6,054,135)	(5,671,034)	(383,101)	
<b>Net Assets-Water Utility Plant</b>			<b><u>11,884,083</u></b>	<b><u>11,902,387</u></b>	<b><u>(18,305)</u></b>	
<b>Wastewater</b>						
Land and Land Rights			168,179	168,179	-	
Collection System			13,037,020	12,856,941	180,079	
Treatment and Disposal			25,913,581	25,913,581	-	
General			1,017,718	997,285	20,433	
Construction in Progress			559,403	-	559,403	
Less: Accumulated Depreciation			(23,931,004)	(22,794,245)	(1,136,759)	
<b>Net Assets-Wastewater Utility Plant</b>			<b><u>16,764,897</u></b>	<b><u>17,141,741</u></b>	<b><u>(376,844)</u></b>	
<b>Stormwater</b>						
Capital Assets			4,142,328	3,702,246	440,082	
Construction in Progress			59,232	-	59,232	
Less: Accumulated Depreciation			(287,591)	(247,301)	(40,290)	
<b>Net Assets-Stormwater Utility Plant</b>			<b><u>3,913,969</u></b>	<b><u>3,454,945</u></b>	<b><u>459,024</u></b>	
<b>Total Utility's Capital Assets</b>			<b><u>32,562,949</u></b>	<b><u>32,499,073</u></b>	<b><u>63,875</u></b>	

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)**

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, 2014 was \$31,259,605. Total general obligation debt outstanding at year end was \$22,850,000, which represents 73.1% of the allowable debt limit.

<b>Comparison of Outstanding Debt by Activity</b>						
	Governmental Activities		Business-type Activities		TOTAL	
	2014	2013	2014	2013	2014	2013
General Obligation						
Bonds and Notes	20,570,000	19,985,000	2,280,000	735,000	22,850,000	20,720,000
Revenue Bond/Notes	-	-	6,657,969	7,558,809	6,657,969	7,558,809
<b>Total Outstanding</b>	<b><u>20,570,000</u></b>	<b><u>19,985,000</u></b>	<b><u>8,937,969</u></b>	<b><u>8,293,809</u></b>	<b><u>29,507,969</u></b>	<b><u>28,278,809</u></b>

The total outstanding **general obligation debt** of \$22,850,000 is distributed:

City-CIP	8,370,000
LSP-CIP	420,000
TID'S (#4 & #6)	11,800,000
Utility (Water/Sewer/Storm)	2,260,000

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.

<b>AMOUNTS DUE WITHIN ONE YEAR</b>			
	Governmental Activities	Business-type Activities	Amounts Due Within One Year
General Obligation			
Bonds and Notes	2,115,000	195,000	2,310,000
Capital Leases	-	-	-
Revenue Bond	-	918,175	918,175
<b>Totals</b>	<b><u>2,115,000</u></b>	<b><u>1,113,175</u></b>	<b><u>3,228,175</u></b>

The City maintained the Moody's Investors Service rating of A1/Aa3, which was reconfirmed in 2011, 2012, and 2014.

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014 and 2013**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

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Budgets are adopted at the function level of expenditures. General Fund revenues and transfers were lower than the final budget by \$39,923. Expenses, including transfers were \$15,366 lower than the final budget of \$9,381,446. General Government was under by \$47,915; Public Safety under by \$74,337; Public Works over by \$111,025. Fund Balance was budgeted with no decline in 2014. The actual change in Fund Balance was a decline of \$24,557 to a balance of \$1,711,761.

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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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 \$625 million, has shown steady growth over the past two decades. For 2015, the equalized value did decline by \$668,700.

The 2015 General Fund-Operating Budget was balanced at \$9,472,401, a 0.97 percent increase over the 2014 budget. Total general government property tax contribution increased \$54,288 to \$3,071,734. The \$54,288 increase is made up of a \$26,066 increase in general property taxes, and a \$28,222 increase of the debt service levy. The City in 2015 was limited to new construction of 1.00% 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 2015, the monthly cost for one household is \$12.41. The distribution of this cost is \$9.81 for Solid Waste and \$2.60 for Recycling. This represents a 1.2% increase on the solid waste and recycling portion.

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**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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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, P.O. Box 690, Whitewater, WI 53190.

**City of Whitewater  
Whitewater, WI**

**Statement of Net Position  
December 31, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Primary Government</b>	<b>Component Unit</b>
<b>ASSETS</b>				
Cash and Equivalents	\$ 5,998,384	\$ 5,771,443	\$ 11,769,827	\$ 1,181,983
Receivables				
Taxes	4,898,635	-	4,898,635	-
Special Assessment	16,848	951	17,799	-
Accounts	146,219	425,178	571,397	-
Other	369,959	6,039	375,998	-
Due from Other Governments	430,680	-	430,680	-
Loans	-	-	-	1,826,085
Internal Balances	181,584	(181,584)	-	-
Due From Agency Fund	40,188	-	40,188	-
Due From City	-	-	-	762,500
Inventories	-	12,356	12,356	-
Other Assets	83,900	-	83,900	-
Property Held for Resale	30,299	205,026	235,325	-
Capital Assets				
Land, Improvements, and Construction in Progress	9,692,795	793,541	10,486,336	275,172
Other Capital Assets, net of depreciation	30,304,517	31,769,408	62,073,925	5,601,362
Net Capital Assets	<u>39,997,312</u>	<u>32,562,949</u>	<u>72,560,261</u>	<u>5,876,534</u>
Total Assets	<u>\$ 52,194,008</u>	<u>\$ 38,802,358</u>	<u>\$ 90,996,366</u>	<u>\$ 9,647,102</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 592,931	\$ 268,940	\$ 861,871	\$ 11,701
Due to Component Unit	762,500	-	762,500	-
Due to Other Governmental Agencies	1,011	-	1,011	-
Accrued Interest	171,870	49,597	221,467	-
Long-Term Liabilities				
Due Within One Year				
Bonds and Notes Payable	2,115,000	1,113,175	3,228,175	-
Compensated Absences	267,367	77,691	345,058	-
Due in More Than One Year				
Bonds and Notes Payable	18,455,000	7,824,795	26,279,795	-
Compensated Absences	214,431	138,179	352,610	-
Total Liabilities	<u>22,714,081</u>	<u>9,472,377</u>	<u>32,186,458</u>	<u>11,701</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2014 Tax Apportionment	<u>4,887,487</u>	<u>-</u>	<u>4,887,487</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	19,427,312	25,019,056	44,446,368	5,876,534
Restricted	1,870,734	2,351,651	4,222,385	3,669,989
Unrestricted	<u>3,294,394</u>	<u>1,959,274</u>	<u>5,253,668</u>	<u>88,878</u>
Total Net Position	<u>24,592,440</u>	<u>29,329,981</u>	<u>53,922,421</u>	<u>9,635,401</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 52,194,008</u>	<u>\$ 38,802,358</u>	<u>\$ 90,996,366</u>	<u>\$ 9,647,102</u>

See accompanying notes to the basic financial statements

City of Whitewater  
Whitewater, WI

Statement of Activities  
For the Year Ended December 31, 2014

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	
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 1,667,774	\$ 243,627	\$ 40,000	\$ -	\$ (1,384,147)		\$ (1,384,147)	
Public Safety	4,325,384	914,297	134,720	-	(3,276,367)		(3,276,367)	
Public Works	2,710,039	-	1,104,479	27,261	(1,578,299)		(1,578,299)	
Culture and Recreation	1,795,911	179,036	291,480	10,064	(1,315,331)		(1,315,331)	
Conservation and Development	133,297	-	104,519	-	(28,778)		(28,778)	
Interest on Long-term debt	602,845	-	-	-	(602,845)		(602,845)	
Capital Outlay	39,453	-	-	-	(39,453)		(39,453)	
Total governmental activities	<u>11,274,703</u>	<u>1,336,960</u>	<u>1,675,198</u>	<u>37,325</u>	<u>(8,225,220)</u>		<u>(8,225,220)</u>	
Business-type activities								
Water	1,352,474	1,709,494	175	475	-	357,670	357,670	
Wastewater	2,860,538	2,271,294	1,213	56,544	-	(531,487)	(531,487)	
Storm Sewer	360,911	445,753	-	-	-	84,842	84,842	
Total business-type activities	<u>4,573,923</u>	<u>4,426,541</u>	<u>1,388</u>	<u>57,019</u>	<u>-</u>	<u>(88,975)</u>	<u>(88,975)</u>	
Total primary government	<u>15,848,626</u>	<u>5,763,501</u>	<u>1,676,586</u>	<u>94,344</u>	<u>(8,225,220)</u>	<u>(88,975)</u>	<u>(8,314,195)</u>	
<b>Component Unit</b>								
Community Development Authority	615,794	165,887	277,284	-				\$ (172,623)
Total component units	<u>\$ 615,794</u>	<u>\$ 165,887</u>	<u>\$ 277,284</u>	<u>\$ -</u>				<u>(172,623)</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes					4,230,278	-	4,230,278	-
Property taxes, levied for debt service					543,538	-	543,538	-
Other taxes					103,104	-	103,104	-
Grants and contributions not restricted to specific programs					3,738,859	-	3,738,859	-
Unrestricted investment earnings					17,927	5,412	23,339	30,436
Public gifts and grants					116,962	-	116,962	-
Miscellaneous					446,070	-	446,070	93,765
<i>Special item</i> - gain (loss) on retirement of asset(s)					(95,445)	1,550	(93,895)	-
Transfer to CDA					(85,303)	-	(85,303)	85,303
Transfers					324,710	(324,710)	-	-
Total general revenues, transfers, and special items					<u>9,340,700</u>	<u>(317,748)</u>	<u>9,022,952</u>	<u>209,504</u>
Change in net position					1,115,480	(406,723)	708,757	36,881
Net position - beginning					23,476,960	29,736,704	53,213,664	9,598,520
Net position - ending					<u>\$ 24,592,440</u>	<u>\$ 29,329,981</u>	<u>\$ 53,922,421</u>	<u>\$ 9,635,401</u>

See accompanying notes to the basic financial statements

**City of Whitewater  
Whitewater, WI**

**Balance Sheet  
Governmental Funds  
December 31, 2014**

	<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>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 2,586,162	\$ 642,067	\$ 471,990	\$ 1,058,632	\$ 1,239,533	\$ 5,998,384
Receivables:						
Taxes	3,071,734	-	1,751,538	-	64,215	4,887,487
Delinquent Personal Property Taxes	11,148	-	-	-	-	11,148
Special Assessments	16,848	-	-	-	-	16,848
Accounts	146,219	-	-	-	-	146,219
Other	70,362	-	266,964	5,615	27,017	369,958
Due from Other Governments	12,887	-	-	374,289	42,493	429,669
Due from Other Funds	77,408	-	-	168,374	-	245,782
Prepaid Expenses	83,900	-	-	-	-	83,900
Advances Receivable	700	-	-	-	-	700
Total Assets	<u>\$ 6,077,368</u>	<u>\$ 642,067</u>	<u>\$ 2,490,492</u>	<u>\$ 1,606,910</u>	<u>\$ 1,373,258</u>	<u>\$ 12,190,095</u>
<b>LIABILITIES</b>						
Liabilities:						
Accounts Payable	\$ 171,950	\$ -	\$ -	\$ 70,066	\$ 42,926	\$ 284,942
Accrued Liabilities	286,991	-	-	-	20,998	307,989
Due to Other Funds	23,000	-	-	-	1,010	24,010
Due to Component Unit	-	-	-	-	12,500	12,500
Advance Payable to CDA	-	-	750,000	-	-	750,000
Advances Payable	-	-	-	-	700	700
Total Liabilities	<u>481,941</u>	<u>-</u>	<u>750,000</u>	<u>70,066</u>	<u>78,134</u>	<u>1,380,141</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,156,222</u>	<u>-</u>	<u>1,751,538</u>	<u>-</u>	<u>78,704</u>	<u>4,986,464</u>
<b>FUND BALANCE</b>						
Nonspendable	95,748	-	-	-	-	95,748
Restricted	-	642,067	-	1,536,844	1,217,082	3,395,993
Assigned	750,016	-	-	-	-	750,016
Unassigned	1,593,441	-	(11,046)	-	(662)	1,581,733
Total Fund Balance	<u>2,439,205</u>	<u>642,067</u>	<u>(11,046)</u>	<u>1,536,844</u>	<u>1,216,420</u>	<u>5,823,490</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 6,077,368</u>	<u>\$ 642,067</u>	<u>\$ 2,490,492</u>	<u>\$ 1,606,910</u>	<u>\$ 1,373,258</u>	<u>\$ 12,190,095</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, 2014**

Total fund balance, governmental funds	\$	5,823,490
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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.		39,997,312
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Property held for resale		30,299
Deferred inflows are reported in the fund financial statement, but are already recognized as earned in the Statement of Position.		98,978

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.

Long-term debt current portion	2,115,000	
Long-term debt non-current portion	18,455,000	
Unamortized premium on debt	133,971	
Compensated absences current portion	267,367	
Compensated absences long-term portion	214,431	
Accrued interest	171,870	(21,357,639)
Net Position of Governmental Activities in the Statement of Net Position		\$ 24,592,440

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, 2014**

	<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>
<b>REVENUES</b>						
Property Taxes	\$ 2,577,281	\$ 543,538	\$ 1,694,694	\$ -	\$ 61,675	\$ 4,877,188
Other Taxes	-	-	379,610	-	-	379,610
Special Assessment Revenue	9,974	-	-	-	-	9,974
Intergovernmental	4,582,963	-	32,299	247,845	414,459	5,277,566
License and Permits	103,216	-	-	-	32,009	135,225
Fines, Forfeits and Penalties	346,401	-	-	-	12,373	358,774
Public Charges for Services	763,318	-	-	-	166,558	929,876
Interest Income	7,288	284	594	4,161	4,060	16,387
Miscellaneous Income	87,806	78,441	-	7,631	172,096	345,974
Total Revenues	<u>8,478,247</u>	<u>622,263</u>	<u>2,107,197</u>	<u>259,637</u>	<u>863,230</u>	<u>12,330,574</u>
<b>EXPENDITURES</b>						
Current:						
General Government	1,541,079	-	-	-	128,216	1,669,295
Public Safety	4,166,008	-	-	-	16,338	4,182,346
Public Works	1,444,433	-	-	-	151,125	1,595,558
Culture, Recreation and Education	803,016	-	-	-	891,636	1,694,652
Conservation and Development	185,495	-	150	-	927	186,572
Capital Outlay	131,896	-	12,475	3,068,963	429,623	3,642,957
Debt Service						
Principal Repayment	81,493	2,060,000	-	-	-	2,141,493
Interest Expense	-	656,796	-	24,490	-	681,286
Total Expenditures	<u>8,353,420</u>	<u>2,716,796</u>	<u>12,625</u>	<u>3,093,453</u>	<u>1,617,865</u>	<u>15,794,159</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>124,827</u>	<u>(2,094,533)</u>	<u>2,094,572</u>	<u>(2,833,816)</u>	<u>(754,635)</u>	<u>(3,463,585)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Long-Term Debt	-	-	-	2,645,000	-	2,645,000
Transfers In	399,942	2,067,440	-	143,167	494,468	3,105,017
Transfers Out	(637,635)	-	(2,044,008)	(18,732)	(92,433)	(2,792,808)
Total Other Financing Sources and Uses	<u>(237,693)</u>	<u>2,067,440</u>	<u>(2,044,008)</u>	<u>2,769,435</u>	<u>402,035</u>	<u>2,957,209</u>
Net Change in Fund Balances	(112,866)	(27,093)	50,564	(64,381)	(352,600)	(506,376)
Fund Balances - Beginning	2,552,071	669,160	(61,610)	1,601,225	1,569,020	6,329,866
Fund Balances (Deficits) - Ending	<u>\$ 2,439,205</u>	<u>\$ 642,067</u>	<u>\$ (11,046)</u>	<u>\$ 1,536,844</u>	<u>\$ 1,216,420</u>	<u>\$ 5,823,490</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, 2014**

Net change in fund balances - total governmental funds: \$ (506,376)

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 \$3,307,066 were more than depreciation \$1,225,581 in the current period. 2,081,485

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. (124,635)

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. (84,347)

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.

Proceeds of general obligation debt	(2,645,000)	
Debt repayment - capital lease	262,681	
Debt repayment - general obligation	2,060,000	(322,319)

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	46,070
Adjustment for decrease in compensated absences	17,721
Adjustment for amortization expense not reflected on Governmental Funds	7,881
Change in net position of governmental activities	\$ 1,115,480

See accompanying notes to the basic financial statements

**City of Whitewater  
Whitewater, Wisconsin**

**Statement of Net Position  
Proprietary Funds  
December 31, 2014**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 994,333	\$ 944,458	\$ 193,440	\$ 2,132,231
Receivables				
Accounts	144,220	246,390	34,568	425,178
Interest	4,480	1,559	-	6,039
Due from Other Funds	33,835	-	-	33,835
Inventories	12,356	-	-	12,356
Total Current Assets	1,189,224	1,192,407	228,008	2,609,639
Restricted:				
Restricted Cash	459,873	2,479,339	700,000	3,639,212
Total Restricted Assets	459,873	2,479,339	700,000	3,639,212
Capital Assets:				
Construction Work-In-Progress	-	559,403	59,232	618,635
Utility Plant	17,938,218	40,136,498	4,142,328	62,217,044
Less Accumulated Depreciation	(6,054,135)	(23,931,004)	(287,591)	(30,272,730)
Net Capital Assets	11,884,083	16,764,897	3,913,969	32,562,949
Noncurrent Assets				
Property Held for Resale	-	205,026	-	205,026
Special Assessments	951	-	-	951
Total Noncurrent Assets	951	205,026	-	205,977
Total Assets	\$ 13,534,131	\$ 20,641,669	\$ 4,841,977	\$ 39,017,777

See accompanying notes to the basic financial statements

**City of Whitewater  
Whitewater, Wisconsin**

**Statement of Net Position  
Proprietary Funds  
December 31, 2014**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>	<b>Total</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 32,864	\$ 149,697	\$ 53,524	\$ 236,085
Accrued Liabilities	10,877	21,979	-	32,856
Accrued Interest Payable	17,443	21,691	10,463	49,597
Due to Other Funds	74,810	74,901	65,707	215,418
Compensated Absences	26,565	41,094	10,032	77,691
Current Portion of Long-Term Debt	449,083	599,092	65,000	1,113,175
<b>Total Current Liabilities</b>	<b>611,642</b>	<b>908,454</b>	<b>204,726</b>	<b>1,724,822</b>
Non-Current Liabilities:				
Long-Term Debt				
Notes Payable	64,083	30,917	435,000	530,000
Bonds and Loans Payable	1,925,000	4,509,795	860,000	7,294,795
<b>Total Long-Term Debt</b>	<b>1,989,083</b>	<b>4,540,712</b>	<b>1,295,000</b>	<b>7,824,795</b>
Other Liabilities				
Compensated Absences	62,477	52,846	22,856	138,179
<b>Total Other Liabilities</b>	<b>62,477</b>	<b>52,846</b>	<b>22,856</b>	<b>138,179</b>
<b>Total Non-Current Liabilities</b>	<b>2,051,560</b>	<b>4,593,558</b>	<b>1,317,856</b>	<b>7,962,974</b>
<b>Total Liabilities</b>	<b>2,663,202</b>	<b>5,502,012</b>	<b>1,522,582</b>	<b>9,687,796</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	9,711,968	12,053,119	3,253,969	25,019,056
Restricted	162,893	2,188,758	-	2,351,651
Unrestricted	996,068	897,780	65,426	1,959,274
<b>Total Net Position</b>	<b>10,870,929</b>	<b>15,139,657</b>	<b>3,319,395</b>	<b>29,329,981</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 13,534,131</b>	<b>\$ 20,641,669</b>	<b>\$ 4,841,977</b>	<b>\$ 39,017,777</b>

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, 2014**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,709,494	\$ 2,271,294	\$ 445,753	\$ 4,426,541
Total Operating Revenues	1,709,494	2,271,294	445,753	4,426,541
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	901,268	1,547,012	280,174	2,728,454
Depreciation	387,877	1,174,463	52,950	1,615,290
Total Operating Expenses	1,289,145	2,721,475	333,124	4,343,744
Operating Income (Loss)	420,349	(450,181)	112,629	82,797
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Revenue	1,176	4,236	-	5,412
Grants and Contributions	175	2,765	-	2,940
Interest Expense	(63,330)	(139,064)	(27,787)	(230,181)
Total Non-Operating Revenue (Expenses)	(61,979)	(132,063)	(27,787)	(221,829)
Income (Loss) Before Contributions and Transfers	358,370	(582,244)	84,842	(139,032)
Capital Contributions	475	56,544	-	57,019
Transfers Out	(303,210)	-	(21,500)	(324,710)
Change in Net Position	55,635	(525,700)	63,342	(406,723)
Total Net Position - Beginning	10,815,294	15,665,357	3,256,053	29,736,704
Total Net Position - Ending	\$ 10,870,929	\$ 15,139,657	\$ 3,319,395	\$ 29,329,981

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, 2014**

	Water	Wastewater	Stormwater	Totals 2014
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 1,704,845	\$ 2,245,754	\$ 453,480	\$ 4,404,079
Payments to suppliers	(337,560)	(605,523)	(103,643)	(1,046,726)
Payments to employees	(479,523)	(849,944)	(185,444)	(1,514,911)
Taxes paid	(303,210)	-	-	(303,210)
Net cash provided (used) by operating activities	<u>584,552</u>	<u>790,287</u>	<u>164,393</u>	<u>1,539,232</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Proceeds of special assessments	475	-	-	475
Acquisition and construction of plant assets	(390,947)	(857,837)	(460,884)	(1,709,668)
Proceeds of debt	510,000	220,000	905,000	1,635,000
Principal payments on long-term debt	(410,710)	(598,690)	-	(1,009,400)
Interest paid	(60,174)	(139,050)	(19,130)	(218,354)
Net cash provided (used) by capital and related financing activities	<u>(351,356)</u>	<u>(1,375,577)</u>	<u>424,986</u>	<u>(1,301,947)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	1,176	4,236	-	5,412
Net cash provided (used) by investing activities	<u>1,176</u>	<u>4,236</u>	<u>-</u>	<u>5,412</u>
Net increase (decrease) in cash and equivalents	234,372	(581,054)	589,379	242,697
Cash and equivalents - beginning of year	<u>1,189,834</u>	<u>3,714,601</u>	<u>304,061</u>	<u>5,208,496</u>
Cash and equivalents - end of year	<u>\$ 1,424,206</u>	<u>\$ 3,133,547</u>	<u>\$ 893,440</u>	<u>\$ 5,451,193</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, 2014**

	Water	Wastewater	Stormwater	Totals 2014
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 420,349	\$ (450,181)	\$ 112,629	\$ 82,797
Adjustments to Reconcile Operating Income (Loss):				
Joint meter	21,849	(21,849)	-	-
Cash Provided (Used) by Operating Activities:				
Depreciation	387,877	1,174,463	52,951	1,615,291
Transfer out	(303,210)	-	(21,500)	(324,710)
Changes in Assets and Liabilities:				
Customer accounts receivable	(4,649)	(25,540)	7,727	(22,462)
Due from/to other funds	44,697	41,069	26,753	112,519
Other assets	175	2,765	-	2,940
Accounts payable	14,725	63,688	(16,690)	61,723
Accrued liabilities	2,739	5,872	2,523	11,134
Net cash provided (used) by operating activities	\$ 584,552	\$ 790,287	\$ 164,393	\$ 1,539,232
 <u>Noncash Activity</u>				
Plant financed through accounts payable	\$ -	\$ 66,414	\$ 51,091	\$ 117,505
Contributions for plant	475	56,544	-	57,019
Net noncash activity	\$ 475	\$ 122,958	\$ 51,091	\$ 174,524
 <b>Reconciliation of cash and cash equivalents to statement of net position accounts</b>				
Cash and cash equivalents	\$ 994,333	\$ 944,458	\$ 893,440	\$ 2,832,231
Restricted Cash	459,873	2,479,339	-	2,939,212
Total cash and investments	1,454,206	3,423,797	893,440	5,771,443
Less: Noncash equivalents	(30,000)	(290,250)	-	(320,250)
Cash and Cash Equivalents	\$ 1,424,206	\$ 3,133,547	\$ 893,440	\$ 5,451,193

See accompanying notes to the financial statements

**City of Whitewater  
Whitewater, WI**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2014**

	<u>Tax Agency</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,126,487
Receivables:	
Taxes Receivable	4,309,625
Other Receivables	39,157
Total Assets	<u>\$ 9,475,269</u>
<b>LIABILITIES</b>	
Due to Other Funds	\$ 40,188
Due to Other Governments	9,435,081
Total Liabilities	<u>\$ 9,475,269</u>

See accompanying notes to the basic financial statements

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**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 2014. 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, 2014**

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**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, 2014**

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- 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, 2014**

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**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
- Parks and Recreation
- 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, 2014**

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**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, 2014**

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**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, 2014**

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**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, 2014**

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**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 – 2014 tax roll

Lien date and levy date	December, 2014
Tax Bills mailed	December, 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale – 2014 delinquent real estate taxes	October, 2017

**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, 2014**

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**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, 2014**

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**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 2014.

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, 2014**

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- 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, 2014 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, 2014**

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**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, 2014**

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- 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, 2014**

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**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, 2014, the following individual funds held a deficit balance:

<b>Fund</b>	<b>Amount</b>	<b>Reason</b>
TID 4	\$(11,046)	Project costs in excess of revenues
TID 7	(662)	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 position 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, 2014**

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**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, 2014, the cash and investments consist of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risk</u>
Deposits in financial institutions - City	\$ 16,896,314	\$ 17,855,352	Custodial credit risk, interest rate risk
Deposits in financial institutions - CDA	<u>1,181,983</u>	<u>1,188,164</u>	Custodial credit risk, interest rate risk
Total Cash and Investments	<u><u>\$ 18,078,297</u></u>	<u><u>\$ 19,043,516</u></u>	
Reconciliation to financial statements			
Per statement of net position			
Primary government	\$ 11,769,827		
Component unit	1,181,983		
Per statement of net position -			
Fiduciary Funds			
Agency	<u>5,126,487</u>		
Total Cash and Investments	<u><u>\$ 18,078,297</u></u>		

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**2. Cash and Investments (Continued)**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings deposit accounts and \$250,000 for demand deposit 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 \$19,485,347.

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	\$ 672,983
Total of CDs CDA	544,010
	<u>\$ 1,216,993</u>
maturing by 6/30/15	\$ 597,983
maturing by 12/31/15	594,010
maturing by 6/30/16	25,000
	<u>\$ 1,216,993</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, 2014**

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**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, 2014, 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>\$ 15,076,181</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>16,847</u>
Total	<u><u>\$ 23,708</u></u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**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	\$ -	\$4,887,487	\$4,887,487
Special assessments not yet due	17,115	-	17,115
Taxi-cab grant	14,489	-	14,489
Other items	27,373	-	27,373
Ambulance receivable	40,000	-	40,000
Total Deferred Inflows of Resources			
For Governmental Funds	\$ 98,977	\$4,887,487	\$4,986,464

**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, 2014**

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**4. Restricted Assets (Continued)**

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

	Water Utility	Wastewater Utility	Totals
Restricted Assets			
Redemption account	\$ 180,336	\$ 280,725	\$ 461,061
Depreciation account	-	25,000	25,000
Reserve account	279,537	268,890	548,427
Connection account	-	304,998	304,998
DNR Replacement account	-	1,599,726	1,599,726
	\$ 459,873	\$ 2,479,339	\$ 2,939,212
Total Restricted Assets			

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

**5. Capital Assets**

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

	1/1/2014 Beginning Balance	Additions	Deletions	12/31/2014 Ending Balance
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 334,206	\$ 23,659	\$ 334,206	\$ 23,659
Infrastructure in Progress	-	20,827	-	20,827
Land	2,947,791	-	-	2,947,791
Right of way	1,830,165	-	-	1,830,165
Land improvements	4,841,168	-	-	4,841,168
<b>Total Capital Assets</b>				
Not Being Depreciated	<u>9,953,330</u>	<u>44,486</u>	<u>334,206</u>	<u>9,663,610</u>
Capital Assets Being Depreciated				
Land Improvements	399,134	357,987	21,378	735,743
Buildings	11,116,607	1,026,820	11,504	12,131,923
Traffic and Street Lights	903,349	-	1,862	901,487
Machinery and Equipment	7,995,607	509,995	220,103	8,285,499
Streets	23,590,262	1,672,799	189,706	25,073,355
Sidewalks	981,688	-	8,121	973,567
Curb and Gutter	695,594	-	4,127	691,467
<b>Total Capital Assets</b>				
Being Depreciated	<u>45,682,241</u>	<u>3,567,601</u>	<u>456,801</u>	<u>48,793,041</u>
Accumulated Depreciation				
Land improvements	319,010	7,638	20,670	305,978
Buildings	3,847,964	257,838	11,502	4,094,300
Traffic and street lights	220,972	26,507	373	247,106
Machinery and equipment	5,801,240	423,449	215,730	6,008,959
Streets	7,151,733	471,497	111,619	7,511,611
Sidewalks	152,539	21,365	998	172,906
Curb and gutter	101,656	17,287	464	118,479
<b>Total Accumulated Depreciation</b>	<u>17,595,114</u>	<u>1,225,581</u>	<u>361,356</u>	<u>18,459,339</u>
Capital Assets, Net of Depreciation	<u>\$ 38,040,457</u>	<u>\$ 2,386,506</u>	<u>\$ 429,651</u>	<u>\$ 39,997,312</u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

**5. Capital Assets (Continued)**

Depreciation expense for the governmental activities is as follows:

Government Activities		
General Government	\$	150,233
Public Safety		287,545
Public Works, which includes the depreciation of streets (including curb and gutter) and sidewalks		666,192
Culture, Recreation and Education		<u>121,611</u>
Total Governmental Activities Depreciation Expense	\$	<u><u>1,225,581</u></u>

Capital asset activity in the business-type activities for the year ended December 31, 2014 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	1,197,906	-	-	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><u>\$ 11,902,387</u></u>	<u><u>\$ (18,304)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,884,083</u></u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

**5. Capital Assets (Continued)**

	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	168,179	559,403	-	727,582
Capital Assets Being Depreciated				
Collection system	12,856,941	195,934	15,855	13,037,020
Treatment and disposal	25,913,581	-	-	25,913,581
General	997,285	20,433	-	1,017,718
Total Capital Assets Being Depreciated	39,767,807	216,367	15,855	39,968,319
Total Capital Assets	39,935,986	775,770	15,855	40,695,901
Less: Accumulated depreciation	22,794,245	1,152,614	15,855	23,931,004
Net Capital Assets	<u>\$ 17,141,741</u>	<u>\$ (376,844)</u>	<u>\$ -</u>	<u>\$ 16,764,897</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ -	\$ 59,232	\$ -	\$ 59,232
Total Capital Assets Not Being Depreciated	-	59,232	-	59,232
Capital Assets Being Depreciated				
Infrastructure	3,702,246	452,742	12,660	4,142,328
Less: Accumulated depreciation	247,301	52,950	12,660	287,591
Net Capital Assets	<u>\$ 3,454,945</u>	<u>\$ 459,024</u>	<u>\$ -</u>	<u>\$ 3,913,969</u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**5. Capital Assets (Continued)**

Listed below is the depreciation expense for the utilities.

<b>Business Type Activities</b>		
Water Utility		\$ 387,877
Sewer Utility		1,174,463
Stormwater Utility		<u>52,950</u>
Total Business-Type Activities Depreciation Expense		<u><u>\$ 1,615,290</u></u>

**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:

Receivable Fund	Payable Fund	Amount
General Fund	Police Department Trust Fund	\$ 1,010
General Fund	Water Utility	13,210
General Fund	Tax Collection Fund	40,188
General Fund	Solid Waster Recycling	<u>23,000</u>
Subtotal - General Fund		<u>77,408</u>
Other Capital Projects Funds	Water Utility	61,600
Other Capital Projects Funds	Sewer Utility	41,067
Other Capital Projects Funds	Stormwater Utility	<u>65,707</u>
Subtotal - Other Funds		<u>168,374</u>
Water Utility	Sewer Utility	<u>33,835</u>
Subtotal - Proprietary Funds		<u>33,835</u>
Subtotal - Fund Financial Statements		279,617
Less: Fund Eliminations		<u>(98,033)</u>
Total - Government-Wide Statements		<u><u>\$ 181,584</u></u>
Receivable Fund	Payable Fund	Amount
Governmental Activity	Business-type Activity	\$ (181,584)
Business-type Activity	Governmental Activity	<u>181,584</u>
Total		<u><u>\$ -</u></u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**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		\$ 750,700	\$ -

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

**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 reimbursement
General Fund	Parking Maintenance	22,000	Administrative reimbursement
General Fund	Water Utility	303,210	Tax equivalent
General Fund	TID No. 6	12,500	Administrative reimbursement
Fire Dept. Equipment	Other Capital Projects	18,732	Capital equipment
DPW Equipment	Stormwater Utility	21,500	Capital equipment
Subtotal - General Fund		<u>399,942</u>	
Debt Service Fund	TID No. 4	2,044,008	Debt service payment
Debt Service Fund	TID No. 6	23,432	Debt service payment
Other Capital Projects	General Fund	143,167	Appropriation
Library Special Revenue Fund	General Fund	486,968	Operations
Taxicab Grant Program	General Fund	1,500	City portion
Forestry Fund	General Fund	6,000	Operations
Subtotal - Other Funds		<u>2,705,075</u>	
Sub-Total – Fund Financial Statements		3,105,017	
Less: Fund Eliminations		<u>(3,429,727)</u>	
Total – Government-Wide Statement of Activities		<u>\$ (324,710)</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, 2014**

**7. Long-Term Obligations**

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2014.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 19,985,000	\$ 2,645,000	\$ 2,060,000	\$ 20,570,000	\$ 2,115,000
Sub-Total	<u>19,985,000</u>	<u>2,645,000</u>	<u>2,060,000</u>	<u>20,570,000</u>	<u>2,115,000</u>
Other Liabilities					
Vested Compensated Absences	499,519	-	17,721	481,798	267,367
Capital Leases	262,681	-	262,681	-	-
Total Other Liabilities	<u>762,200</u>	<u>-</u>	<u>280,402</u>	<u>481,798</u>	<u>267,367</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 20,747,200</u>	<u>\$ 2,645,000</u>	<u>\$ 2,340,402</u>	<u>\$ 21,051,798</u>	<u>\$ 2,382,367</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
Revenue Bonds	\$ 7,558,809	\$ -	\$ 900,838	\$ 6,657,971	\$ 918,175
General obligation debt	735,000	1,635,000	90,000	2,280,000	195,000
Capital Lease	18,561	-	18,561	-	-
Total Long-Term Debt	<u>8,312,370</u>	<u>1,635,000</u>	<u>1,009,399</u>	<u>8,937,971</u>	<u>1,113,175</u>
Other Liabilities					
Vested Compensated Absences	206,695	9,175	-	215,870	77,691
Total Other Liabilities	<u>206,695</u>	<u>9,175</u>	<u>-</u>	<u>215,870</u>	<u>77,691</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 8,519,065</u>	<u>\$ 1,644,175</u>	<u>\$ 1,009,399</u>	<u>\$ 9,153,841</u>	<u>\$ 1,190,866</u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

**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, 2014 is \$31,259,605. Debt subject to the limit is \$22,850,000. 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 12/31/14</u>	<u>Current Portion</u>
Governmental Activities						
2005 GO						
Promissory Note	10/15/2005	9/1/2015	3.1-3.6	\$ 3,300,000	\$ 495,000	\$ 495,000
2008 GO Refunding						
Bonds	1/7/2008	9/1/2017	3.956	\$ 5,000,000	2,620,000	835,000
2009 GO Refunding						
Bonds	9/3/2009	12/1/2016	2.3-3.0	\$ 1,005,000	285,000	145,000
2010 GO Refunding						
Bonds	2/9/2010	12/1/2017	1.2-2.7	\$ 1,500,000	355,000	190,000
2010 Taxable GO						
Bonds	2/9/2010	12/1/2029	2.8-6.05	\$ 3,290,000	3,125,000	165,000
2010 GO Refunding						
Bonds	9/1/2010	9/1/2020	2.3-3.0	\$ 5,000,000	4,280,000	135,000
2010 Taxable GO						
Bonds	10/12/2010	9/1/2027	.75-5.0	\$ 2,110,000	1,915,000	60,000
2012 GO Refunding						
Bonds	5/17/2012	9/1/2031	.85-3.25	\$ 5,020,000	4,850,000	90,000
2014 Taxable GO						
Bonds	6/10/2014	9/1/2029	.5-3.0	\$ 2,645,000	2,645,000	-
Total Governmental Activities -- General Obligation Debt					<u>\$20,570,000</u>	<u>\$ 2,115,000</u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,115,000	\$ 591,966
2016	2,580,000	524,529
2017	2,565,000	454,711
2018	1,690,000	385,293
2019-2023	5,330,000	1,372,956
2024-2028	4,860,000	632,496
2029-2031	1,430,000	82,008
Totals	\$ 20,570,000	\$ 4,043,959

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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

The following is business-type debt outstanding:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/14</u>	<u>Current Portion</u>
<u>Water Utility</u>						
2010 Mortgage Revenue Bonds	9/7/2010	10/1/2015	2.00%	\$ 1,215,000	\$ 255,000	\$ 255,000
2011 Mortgage Revenue Bonds	6/7/2011	10/1/2026	1.6-4.0%	\$ 940,000	790,000	55,000
2012 Mortgage Revenue Bonds	5/17/2012	10/1/2027	.85-2.85%	\$ 855,000	755,000	50,000
	Total water utility revenue bonds				<u>1,800,000</u>	<u>360,000</u>
2010 GO Promissory Notes	2/9/2010	12/1/2016	1.2-2.7%	\$ 428,343	128,166	64,083
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 510,000	510,000	25,000
	Total Water Utility long-term debt				<u>\$ 2,438,166</u>	<u>\$ 449,083</u>
<u>Wastewater Utility</u>						
1996 Clean Water fund loan	7/24/1996	5/1/2016	3.08%	\$ 1,563,900	\$ 210,805	\$ 103,803
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	\$ 50,000	2,352,659	127,331
2010 Mortgage Revenue Bonds	2/9/2010	5/1/2016	2.0-3.25%	\$ 1,230,000	430,000	210,000
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	\$ 115,954	559,506	27,041
2012 Mortgage Revenue Bonds	5/17/2012	11/1/2027	.85-2.85%	\$ 1,485,000	1,305,000	90,000
	Total sewer utility revenue bonds				<u>4,857,970</u>	<u>558,175</u>
2010 GO Promissory Notes	2/9/2010	12/1/2016	1.2-2.7%	\$ 206,657	61,834	30,917
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 220,000	220,000	10,000
	Total Wastewater Utility long-term debt				<u>\$ 5,139,804</u>	<u>\$ 599,092</u>
<u>Stormwater Utility</u>						
2012 GO Refunding Bonds	5/17/2012	9/1/2031	.85-3.25%	\$ 455,000	455,000	20,000
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 905,000	905,000	45,000
	Total Stormwater Utility long-term debt				<u>1,360,000</u>	<u>65,000</u>
Total Business-type Activities Debt (excluding capital lease)					<u>\$ 8,937,970</u>	<u>\$ 1,113,175</u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**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>	Business-type Activities	
	<u>Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,113,176	\$ 215,202
2016	885,727	197,328
2017	483,205	177,538
2018	497,809	167,015
2019	502,544	155,855
2020-2024	2,783,584	583,617
2025-2029	2,533,808	202,335
2030-2031	138,117	4,811
Total	<u>\$ 8,937,970</u>	<u>\$1,703,701</u>

**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.

**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, 2014 may be impaired. In the opinion of management, no material adjustments will result from any such audits.

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**8. Commitments and Contingencies (Continued)**

Legal

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, 2014 are not likely to have material adverse impact on the City's financial position.

Wastewater Treatment Plant Upgrades

The City has plans for wastewater treatment plant upgrades that will cost \$18-20 million. To date, they are committed to engineering costs of approximately \$1,168 million. Financing is anticipated through the state's Clean Water fund Loan Program. Bids and financing are anticipated to commence in 2015.

**9. Net Position/Fund Balances**

Governmental Activities

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

Capital Assets net of depreciation	\$ 39,997,312
Less: long-term debt outstanding	(20,570,000)
Total Net Investment in Capital Assets	19,427,312
 Restricted	
Subdividers park fees	21,943
Rescue Squad Equipment	246,620
Rock River Stormwater Group	26,412
Taxicab	30,386
Library	583,081
Cable TV	97,374
Forestry	9,116
Parking Permits	48,533
Rescue Squad Trust	53,925
Police Department Trust	53,676
Parks and Recreation Fund	8,338
TIF districts	49,263
Debt service	642,067
Total Restricted	1,870,734
 Unrestricted	
Total Governmental Activities Net Position	\$ 24,592,440

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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

Fund balances as of December 31, 2014 include the items in the following table.

**Major Funds**

<u>General Fund</u>	Nonspendable	Restricted	Assigned	Unassigned
Delinquent personal property tax	\$ 11,148	\$ -	\$ -	\$ -
Prepaid expenses	83,900	-	-	-
Advances	700	-	-	-
27th Payroll	-	-	-	159,864
Fire Department Equipment	-	-	16,393	-
DPWs Equipment Revolving Fund	-	-	79,671	-
Police Vehicle Revolving Fund	-	-	2,090	-
Government Equipment	-	-	22,651	-
Skate Park	-	-	3,211	-
Solid Waste/Recycling (deficit)	-	-	-	(22,572)
Sick Leave Severance	-	-	158,659	-
Lakes Improvements	-	-	475	-
Street Repair Revolving Fund	-	-	466,866	-
Unassigned	-	-	-	1,456,149
Total General Fund	<u>\$ 95,748</u>	<u>\$ -</u>	<u>\$ 750,016</u>	<u>\$ 1,593,441</u>

**Debt Service Fund**

Restricted for TIF debt payments	\$ 330,796
Restricted for other debt	311,271
Total debt service	<u>\$ 642,067</u>

**TID 4 Capital Projects Fund**

TIF fund	<u>\$ (11,046)</u>
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**Other Capital Projects Funds**

Restricted for capital outlay projects	<u>\$ 1,536,844</u>
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**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**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	\$ -	\$ 97,374	\$ -	\$ -
Library Special Revenue	-	583,081	-	-
Taxi Cab Grant	-	30,386	-	-
Parkland Acquisition	-	12,535	-	-
Parkland Development	-	9,408	-	-
Forestry Fund	-	9,116	-	-
Rescue Squad Equipment	-	246,620	-	-
Parking Permit	-	48,533	-	-
Rescue Squad Trust	-	53,925	-	-
Police Dept. Trust	-	41,429	-	-
Rock River Stormwater Gro	-	26,412	-	-
Parks and Recreation Fund	-	8,338	-	-
TID #5	-	8,561	-	-
TID #6	-	20,669	-	-
TID #7 (deficit)	-	-	-	(662)
TID #8	-	18,251	-	-
TID #9	-	2,444	-	-
Total Non-Major Funds	<u>\$ -</u>	<u>\$ 1,217,082</u>	<u>\$ -</u>	<u>\$ (662)</u>

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**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:

	2014
<b>Water Utility</b>	
Capital Assets net of depreciation	\$ 11,884,082
Less: related long-term debt outstanding	(2,438,166)
Total Invested in Capital Assets	9,445,916
Reserve from borrowing	266,052
Total Net Position - Net Investment in Capital Assets	\$ 9,711,968

	2014
<b>Wastewater Utility</b>	
Capital Assets net of depreciation	\$ 16,969,923
Less: related long-term debt outstanding	(5,139,804)
Total Invested in Capital Assets	11,830,119
Reserve from borrowing	223,000
Total Net Position - Net Investment in Capital Assets	\$ 12,053,119

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

**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, 2014**

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**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. 2014 Contribution rates are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for the City's employees covered by the WRS for the year ended December 31, 2014 was \$4,826,161; the employer's total payroll was \$5,351,697. The total required contribution for the year ended December 31, 2014 was \$732,785, which consisted of \$463,121, or 9.6% of payroll from the employer and \$269,664, or 5.6% of payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$679,608 and \$620,556, 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, 2014**

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**12. Expenditures in Excess of Budget**

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

	Final Budget	Actual Expenditures	Variance
Public Works	941,119	1,052,144	(111,025)
Culture, Recreation and Education	801,640	803,016	(1,376)

**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 2014, these expenditures were \$234,547 in the fire department, \$21,747 for the crash crew, and \$390,269 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, 2014**

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**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	\$ 1,181,983	\$ 1,188,164	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 demand deposit accounts and \$250,000 for time and savings deposit 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, 2014, none of the CDA's total bank balance of \$1,188,164 was exposed to custodial credit.

The CDA has CDs of \$544,010 as of 12/31/14. 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	-	(5,639)	6,990	5-10
Buildings	6,087,994	-	-	6,087,994	35-40
Accumulated Depreciation					
Equipment	(11,570)	(111)	5,639	(6,042)	
Buildings	(365,604)	(121,976)	-	(487,580)	
Totals	\$ 5,998,621	\$ (122,087)	\$ -	\$ 5,876,534	

**CITY OF WHITEWATER**  
**Notes to Financial Statements**  
**December 31, 2014**

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**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>\$1,826,805</u>
-----------------	--------------------

f. Transfers in

The CDA recorded a transfer of \$72,803 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 26% of the water revenue.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Whitewater**  
**Whitewater, WI**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (with Budget to GAAP Differences)**  
**General Fund**  
**For the year ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Budget to GAAP</u>	<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Differences</u>	<u>GAAP Basis</u>
<b>REVENUES</b>					
Property Taxes	\$ 2,586,974	\$ 2,586,974	\$ 2,577,281	-	\$ 2,577,281
Special Assessment Revenue	18,900	18,900	9,974	-	9,974
Intergovernmental	4,536,204	4,536,204	4,524,743	58,220	4,582,963
License and Permits	97,725	97,725	103,216	-	103,216
Fines, Forfeits and Penalties	402,600	402,600	346,401	-	346,401
Public Charges for Services	724,787	724,787	763,318	-	763,318
Intergovernmental Charges for Services	0	0	-	-	-
Interest Income	12,000	12,000	6,231	1,057	7,288
Other Revenue 1	0	0	-	-	-
Miscellaneous Income	76,068	76,068	84,461	3,345	87,806
Total Revenues	<u>8,455,258</u>	<u>8,455,258</u>	<u>8,415,625</u>	<u>62,622</u>	<u>8,478,247</u>
<b>EXPENDITURES</b>					
Current:					
General Government	1,522,784	1,522,784	1,474,869	66,210	1,541,079
Public Safety	3,990,116	3,990,116	3,915,779	250,229	4,166,008
Public Works	941,119	941,119	1,052,144	392,289	1,444,433
Culture, Recreation and Education	801,640	801,640	803,016	-	803,016
Conservation and Development	191,010	191,010	185,495	-	185,495
Capital Outlay	-	-	-	131,896	131,896
Debt Service					
Capital lease	81,493	81,493	81,493	-	81,493
Total Expenditures	<u>7,528,162</u>	<u>7,528,162</u>	<u>7,512,796</u>	<u>840,624</u>	<u>8,353,420</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>927,096</u>	<u>927,096</u>	<u>902,829</u>	<u>(778,002)</u>	<u>124,827</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	382,650	382,650	382,360	17,582	399,942
Transfers Out	(1,309,746)	(1,309,746)	(1,309,746)	672,111	(637,635)
Total Other Financing Sources and Uses	<u>(927,096)</u>	<u>(927,096)</u>	<u>(927,386)</u>	<u>689,693</u>	<u>(237,693)</u>
Net Change in Fund Balances	-	-	(24,557)	(88,309)	(112,866)
Fund Balances - Beginning	1,736,318	1,736,318	1,736,318	815,753	2,552,071
Fund Balances - Ending	<u>\$ 1,736,318</u>	<u>\$ 1,736,318</u>	<u>\$ 1,711,761</u>	<u>\$ 727,444</u>	<u>\$ 2,439,205</u>

## **SUPPLEMENTARY INFORMATION**

City of Whitwater  
Whitwater, WI  
  
Balance Sheet  
Combining General Fund  
December 31, 2014

	General Fund	Fire Dept. Equipment Fund	DPW Equipment Revolving Fund	Police Vehicle Revolving Fund	Building Repair Fund	Skate Park Fund	Solid Waste Recycling Fund	Sick Leave Severance Fund	Lakes Improvement Fund	Street Repair Rev. Fund	Total General Fund
<b>ASSETS</b>											
Cash and Cash Equivalents	\$ 1,834,104	\$ 16,393	\$ 79,671	\$ 2,090	\$ 22,651	\$ 3,211	\$ 428	\$ 158,659	\$ 475	\$ 468,480	\$ 2,586,162
Receivables:											
Taxes	3,071,734	-	-	-	-	-	-	-	-	-	3,071,734
Delinquent Personal Property Taxes	11,148	-	-	-	-	-	-	-	-	-	11,148
Special Assessments	16,848	-	-	-	-	-	-	-	-	-	16,848
Accounts	146,219	-	-	-	-	-	-	-	-	-	146,219
Other	70,362	-	-	-	-	-	-	-	-	-	70,362
Due from Other Governments	12,887	-	-	-	-	-	-	-	-	-	12,887
Due from Other Funds	77,408	-	-	-	-	-	-	-	-	-	77,408
Prepaid Expenses	83,900	-	-	-	-	-	-	-	-	-	83,900
Advances receivable	700	-	-	-	-	-	-	-	-	-	700
Total Assets	<u>\$ 5,325,310</u>	<u>\$ 16,393</u>	<u>\$ 79,671</u>	<u>\$ 2,090</u>	<u>\$ 22,651</u>	<u>\$ 3,211</u>	<u>\$ 428</u>	<u>\$ 158,659</u>	<u>\$ 475</u>	<u>\$ 468,480</u>	<u>\$ 6,077,368</u>
<b>LIABILITIES</b>											
Accounts Payable	\$ 170,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,614	\$ 171,950
Accrued Liabilities	286,991	-	-	-	-	-	-	-	-	-	286,991
Due to Other Funds	-	-	-	-	-	-	23,000	-	-	-	23,000
Total Liabilities	<u>457,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>-</u>	<u>-</u>	<u>1,614</u>	<u>481,941</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,156,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,156,222</u>
<b>FUND BALANCE</b>											
Nonspendable	95,748	-	-	-	-	-	-	-	-	-	95,748
Assigned	-	16,393	79,671	2,090	22,651	3,211	-	158,659	475	466,866	750,016
Unassigned	1,616,013	-	-	-	-	-	(22,572)	-	-	-	1,593,441
Total Fund Balance (Deficit)	<u>1,711,761</u>	<u>16,393</u>	<u>79,671</u>	<u>2,090</u>	<u>22,651</u>	<u>3,211</u>	<u>(22,572)</u>	<u>158,659</u>	<u>475</u>	<u>466,866</u>	<u># 2,439,205</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 5,325,310</u>	<u>\$ 16,393</u>	<u>\$ 79,671</u>	<u>\$ 2,090</u>	<u>\$ 22,651</u>	<u>\$ 3,211</u>	<u>\$ 428</u>	<u>\$ 158,659</u>	<u>\$ 475</u>	<u>\$ 468,480</u>	<u># \$ 6,077,368</u>

City of Whitewater  
Whitewater, WI

Statement of Revenues, Expenditures and Changes in Fund Balances  
Combining General Fund  
For the Year Ended December 31, 2014

	General Fund	Fire Dept. Equipment Fund	DPW Equipment Revolving Fund	Police Vehicle Revolving Fund	Building Repair Fund	Skate Park Fund	Solid Waste Recycling Fund	Sick Leave Severance Fund	Lakes Improvement Fund	Street Repair Rev. Fund	Total General Fund
<b>REVENUES</b>											
Property Taxes	\$ 2,577,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,577,281
Special Assessment Revenue	9,974	-	-	-	-	-	-	-	-	-	9,974
Intergovernmental	4,524,743	-	26,416	-	-	-	31,804	-	-	-	4,582,963
License and Permits	103,216	-	-	-	-	-	-	-	-	-	103,216
Fines, Forfeits and Penalties	346,401	-	-	-	-	-	-	-	-	-	346,401
Public Charges for Services	763,318	-	-	-	-	-	-	-	-	-	763,318
Interest Income	6,231	166	238	-	-	-	8	376	-	269	7,288
Miscellaneous Income	84,461	-	2,574	-	110	-	-	661	-	-	87,806
Total Revenues	<u>8,415,625</u>	<u>166</u>	<u>29,228</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>31,812</u>	<u>1,037</u>	<u>-</u>	<u>269</u>	<u>8,478,247</u>
<b>EXPENDITURES</b>											
Current:											
General Government	1,474,869	-	-	-	-	-	-	34,295	-	31,915	1,541,079
Public Safety	3,915,779	215,122	-	35,107	-	-	-	-	-	-	4,166,008
Public Works	1,052,144	-	9,088	-	-	-	383,201	-	-	-	1,444,433
Culture, Recreation and Education	803,016	-	-	-	-	-	-	-	-	-	803,016
Conservation and Development	185,495	-	-	-	-	-	-	-	-	-	185,495
Capital Outlay	-	-	131,896	-	-	-	-	-	-	-	131,896
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Principal Repayment	81,493	-	-	-	-	-	-	-	-	-	81,493
Total Expenditures	<u>7,512,796</u>	<u>215,122</u>	<u>140,984</u>	<u>35,107</u>	<u>-</u>	<u>-</u>	<u>383,201</u>	<u>34,295</u>	<u>-</u>	<u>31,915</u>	<u>8,353,420</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>902,829</u>	<u>(214,956)</u>	<u>(111,756)</u>	<u>(35,107)</u>	<u>110</u>	<u>-</u>	<u>(351,389)</u>	<u>(33,258)</u>	<u>-</u>	<u>(31,646)</u>	<u>124,827</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers In	382,360	18,732	21,500	-	-	-	-	(22,650)	-	-	399,942
Transfers Out	(1,309,746)	50,000	40,000	35,000	15,000	-	347,111	-	-	185,000	(637,635)
Total Other Financing Sources and Uses	<u>(927,386)</u>	<u>68,732</u>	<u>61,500</u>	<u>35,000</u>	<u>15,000</u>	<u>-</u>	<u>347,111</u>	<u>(22,650)</u>	<u>-</u>	<u>185,000</u>	<u>(237,693)</u>
Net Change in Fund Balances	(24,557)	(146,224)	(50,256)	(107)	15,110	-	(4,278)	(55,908)	-	153,354	(112,866)
Fund Balances (Deficit) - Beginning	1,736,318	162,617	129,927	2,197	7,541	3,211	(18,294)	214,567	475	313,512	2,552,071
Fund Balances (Deficit) - Ending	<u>\$ 1,711,761</u>	<u>\$ 16,393</u>	<u>\$ 79,671</u>	<u>\$ 2,090</u>	<u>\$ 22,651</u>	<u>\$ 3,211</u>	<u>\$ (22,572)</u>	<u>\$ 158,659</u>	<u>\$ 475</u>	<u>\$ 466,866</u>	<u>\$ 2,439,205</u>

**City of Whitewater  
Whitewater, WI**

**Balance Sheet  
Non-Major Governmental Funds  
December 31, 2014**

	<b>Non-Major Special Revenue Funds</b>	<b>Non-Major Capital Projects Funds</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,177,070	\$ 62,463	\$ 1,239,533
Receivables:			
Taxes	-	64,215	64,215
Other	27,017	-	27,017
Due from Other Governments	42,493	-	42,493
Total Assets	\$ 1,246,580	\$ 126,678	\$ 1,373,258
 <b>LIABILITIES</b>			
Liabilities:			
Accounts Payable	\$ 42,926	\$ -	\$ 42,926
Accrued Liabilities	20,998	-	20,998
Due to Other Funds	1,010	-	1,010
Due to Component Unit	-	12,500	12,500
Advances Payable	-	700	700
Total Liabilities	64,934	13,200	78,134
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows	14,489	64,215	78,704
 <b>FUND BALANCE</b>			
Restricted	1,167,157	49,925	1,217,082
Unassigned	-	(662)	(662)
Total Fund Balance	1,167,157	49,263	1,216,420
Total Liabilities, Deferred Inflows and Fund Balance	\$ 1,246,580	\$ 126,678	\$ 1,373,258

**City of Whitewater  
Whitewater, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended December 31, 2014**

	<b>Non-Major Special Revenue Funds</b>	<b>Non-Major Capital Project Funds</b>	<b>Non-Major Governmental Funds</b>
<b>REVENUES</b>			
Property Taxes	\$ -	\$ 61,675	\$ 61,675
Intergovernmental	414,459	-	414,459
Fines, Forfeits and Penalties	12,373	-	12,373
Public Charges for Services	166,558	-	166,558
Interest Income	4,021	39	4,060
Miscellaneous Income	172,024	72	172,096
Total Revenues	<u>801,444</u>	<u>61,786</u>	<u>863,230</u>
<b>EXPENDITURES</b>			
Current:			
General Government	128,216	-	128,216
Public Safety	16,338	-	16,338
Public Works	151,125	-	151,125
Culture, Recreation and Education	891,636	-	891,636
Conservation and Development	-	927	927
Capital Outlay	429,623	-	429,623
Total Expenditures	<u>1,616,938</u>	<u>927</u>	<u>1,617,865</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(815,494)</u>	<u>60,859</u>	<u>(754,635)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	494,468	-	494,468
Transfers Out	(44,000)	(48,433)	(92,433)
Total Other Financing Sources and Uses	<u>450,468</u>	<u>(48,433)</u>	<u>402,035</u>
Net Change in Fund Balances	(365,026)	12,426	(352,600)
Fund Balances - Beginning	1,532,183	36,837	1,569,020
Fund Balances - Ending	<u>\$ 1,167,157</u>	<u>\$ 49,263</u>	<u>\$ 1,216,420</u>

**City of Whitewater  
Whitewater, WI**

**Non-Major Special Revenue Funds  
Combining Balance Sheet  
December 31, 2014**

	<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>
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 73,199	\$ 609,616	\$ 24,183	\$ 12,535	\$ 9,408	\$ 9,116	\$ 246,893
Receivables:							
Other	27,017	-	-	-	-	-	-
Due from Other Governments	-	-	42,493	-	-	-	-
Total Assets	<u>\$ 100,216</u>	<u>\$ 609,616</u>	<u>\$ 66,676</u>	<u>\$ 12,535</u>	<u>\$ 9,408</u>	<u>\$ 9,116</u>	<u>\$ 246,893</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ 609	\$ 7,770	\$ 21,801	\$ -	\$ -	\$ -	\$ 273
Accrued Liabilities	2,233	18,765	-	-	-	-	-
Total Liabilities	<u>2,842</u>	<u>26,535</u>	<u>21,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows	-	-	14,489	-	-	-	-
<b>FUND BALANCE</b>							
Restricted	97,374	583,081	30,386	12,535	9,408	9,116	246,620
Total Fund Balance	<u>97,374</u>	<u>583,081</u>	<u>30,386</u>	<u>12,535</u>	<u>9,408</u>	<u>9,116</u>	<u>246,620</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 100,216</u>	<u>\$ 609,616</u>	<u>\$ 66,676</u>	<u>\$ 12,535</u>	<u>\$ 9,408</u>	<u>\$ 9,116</u>	<u>\$ 246,893</u>

**City of Whitewater  
Whitewater, WI**

**Non-Major Special Revenue Funds  
Combining Balance Sheet  
December 31, 2014**

	<b>Parking Permit Fund</b>	<b>Rescue Squad Trust Fund</b>	<b>Police Dept. Trust Fund</b>	<b>Rock River Storm Water Group</b>	<b>TIF 4 - County Escrow</b>	<b>Parks and Recreation Fund</b>	<b>Non-Major Special Revenue Funds</b>
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 48,759	\$ 53,925	\$ 54,686	\$ 26,412	\$ -	\$ 8,338	\$ 1,177,070
Receivables:							
Other	-	-	-	-	-	-	27,017
Due from Other Governments	-	-	-	-	-	-	42,493
<b>Total Assets</b>	<u>\$ 48,759</u>	<u>\$ 53,925</u>	<u>\$ 54,686</u>	<u>\$ 26,412</u>	<u>\$ -</u>	<u>\$ 8,338</u>	<u>\$ 1,246,580</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ 226	\$ -	\$ 12,247	\$ -	\$ -	\$ -	\$ 42,926
Accrued Liabilities	-	-	-	-	-	-	20,998
Due to Other Funds	-	-	1,010	-	-	-	1,010
<b>Total Liabilities</b>	<u>226</u>	<u>-</u>	<u>13,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,934</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows	-	-	-	-	-	-	14,489
<b>FUND BALANCE</b>							
Restricted	48,533	53,925	41,429	26,412	-	8,338	1,167,157
<b>Total Fund Balance</b>	<u>48,533</u>	<u>53,925</u>	<u>41,429</u>	<u>26,412</u>	<u>-</u>	<u>8,338</u>	<u>1,167,157</u>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<u>\$ 48,759</u>	<u>\$ 53,925</u>	<u>\$ 54,686</u>	<u>\$ 26,412</u>	<u>\$ -</u>	<u>\$ 8,338</u>	<u>\$ 1,246,580</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, 2014**

	<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>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ 276,690	\$ 137,769	\$ -	\$ -	\$ -	\$ -
Fines, Forfeits and Penalties	-	12,373	-	-	-	-	-
Public Charges for Services	102,162	5,855	-	-	10,064	-	-
Interest Income	171	1,928	-	-	-	22	1,617
Miscellaneous Income	490	117,118	-	4,272	-	-	-
<b>Total Revenues</b>	<u>102,823</u>	<u>413,964</u>	<u>137,769</u>	<u>4,272</u>	<u>10,064</u>	<u>22</u>	<u>1,617</u>
<b>EXPENDITURES</b>							
Current:							
Public Safety	-	-	-	-	-	-	12,885
Public Works	-	-	151,125	-	-	-	-
Culture, Recreation and Education	90,639	792,299	-	-	-	-	8,698
Capital Outlay	-	29,754	-	-	16,071	-	-
<b>Total Expenditures</b>	<u>90,639</u>	<u>822,053</u>	<u>161,125</u>	<u>-</u>	<u>16,071</u>	<u>-</u>	<u>21,583</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,184</u>	<u>(408,089)</u>	<u>(23,356)</u>	<u>4,272</u>	<u>(6,007)</u>	<u>22</u>	<u>(19,966)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	486,968	1,500	-	-	6,000	-
Transfers Out	(22,000)	-	-	-	-	-	-
<b>Total Other Financing Sources and Uses</b>	<u>(22,000)</u>	<u>486,968</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(9,816)	78,879	(21,856)	4,272	(6,007)	6,022	(19,966)
Fund Balances - Beginning	107,190	504,202	52,242	8,263	15,415	3,094	266,586
Fund Balances - Ending	<u>\$ 97,374</u>	<u>\$ 583,081</u>	<u>\$ 30,386</u>	<u>\$ 12,535</u>	<u>\$ 9,408</u>	<u>\$ 9,116</u>	<u>\$ 246,620</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, 2014**

	<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>Parks and Recreation Fund</u>	<u>Non-Major Special Revenue Funds</u>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,459
License and Permits	-	-	-	32,009	-	-	32,009
Fines, Forfeits and Penalties	-	-	-	-	-	-	12,373
Public Charges for Services	40,139	-	-	-	-	8,338	166,558
Interest Income	25	168	32	58	-	-	4,021
Miscellaneous Income	-	-	50,144	-	-	-	172,024
Total Revenues	<u>40,164</u>	<u>168</u>	<u>50,176</u>	<u>32,067</u>	<u>-</u>	<u>8,338</u>	<u>801,444</u>
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	62,239	55,977	-	-	128,216
Public Safety	3,453	-	-	-	-	-	16,338
Public Works	-	-	-	-	-	-	151,125
Culture, Recreation and Education	-	-	-	-	-	-	891,636
Capital Outlay	-	-	-	-	383,798	-	429,623
Total Expenditures	<u>3,453</u>	<u>-</u>	<u>62,239</u>	<u>55,977</u>	<u>383,798</u>	<u>-</u>	<u>1,616,938</u>
Excess (Deficiency) of Revenues Over Expenditures	36,711	168	(12,063)	(23,910)	(383,798)	8,338	(815,494)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	-	-	-	494,468
Transfers Out	(22,000)	-	-	-	-	-	(44,000)
Total Other Financing Sources and Uses	<u>(22,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,468</u>
Net Change in Fund Balances	14,711	168	(12,063)	(23,910)	(383,798)	8,338	(365,026)
Fund Balances - Beginning	33,822	53,757	53,492	50,322	383,798	-	1,532,183
Fund Balances - Ending	<u>\$ 48,533</u>	<u>\$ 53,925</u>	<u>\$ 41,429</u>	<u>\$ 26,412</u>	<u>\$ -</u>	<u>\$ 8,338</u>	<u>\$ 1,167,157</u>

**City of Whitewater  
Whitewater, WI**

**Non-Major Capital Project Funds  
Combining Balance Sheet  
December 31, 2014**

	<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>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 8,561	\$ 33,169	\$ 38	\$ 18,251	\$ 2,444	\$ 62,463
Receivables:						
Taxes	1,027	62,738	-	450	-	64,215
Total Assets	<u>\$ 9,588</u>	<u>\$ 95,907</u>	<u>\$ 38</u>	<u>\$ 18,701</u>	<u>\$ 2,444</u>	<u>\$ 126,678</u>
<b>LIABILITIES</b>						
Liabilities:						
Due to Component Unit	\$ -	\$ 12,500	\$ -	\$ -	\$ -	\$ 12,500
Advances Payable	-	-	700	-	-	700
Total Liabilities	<u>-</u>	<u>12,500</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>13,200</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
2014 Tax Apportionment	<u>1,027</u>	<u>62,738</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>64,215</u>
<b>FUND BALANCE</b>						
Restricted	8,561	20,669	-	18,251	2,444	49,925
Unassigned (Deficit)	-	-	(662)	-	-	(662)
Total Fund Balance (Deficit)	<u>8,561</u>	<u>20,669</u>	<u>(662)</u>	<u>18,251</u>	<u>2,444</u>	<u>49,263</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 9,588</u>	<u>\$ 95,907</u>	<u>\$ 38</u>	<u>\$ 18,701</u>	<u>\$ 2,444</u>	<u>\$ 126,678</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, 2014**

	<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>
<b>REVENUES</b>						
Property Taxes	\$ -	\$ 61,114	\$ -	\$ 407	\$ 154	\$ 61,675
Interest Income	-	22	-	17	-	39
Total Revenues	<u>-</u>	<u>61,136</u>	<u>-</u>	<u>424</u>	<u>226</u>	<u>61,786</u>
<b>EXPENDITURES</b>						
Current:						
Conservation and Development	150	327	150	150	150	927
Total Expenditures	<u>150</u>	<u>327</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>927</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(150)</u>	<u>60,809</u>	<u>(150)</u>	<u>274</u>	<u>76</u>	<u>60,859</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers Out	-	(48,433)	-	-	-	(48,433)
Total Other Financing Sources and Uses	<u>-</u>	<u>(48,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,433)</u>
Net Change in Fund Balances	(150)	12,376	(150)	274	76	12,426
Fund Balances (Deficit) - Beginning	8,711	8,293	(512)	17,977	2,368	36,837
Fund Balances (Deficit) - Ending	<u>\$ 8,561</u>	<u>\$ 20,669</u>	<u>\$ (662)</u>	<u>\$ 18,251</u>	<u>\$ 2,444</u>	<u>\$ 49,263</u>

**City of Whitewater  
Whitewater, WI  
Combining Statement of Net Position - Component Unit  
December 31, 2014**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
<b>ASSETS</b>				
Cash and Investments	\$ 26,441	\$ 1,138,904	\$ 16,638	\$ 1,181,983
Loans Receivable	-	1,826,085	-	1,826,085
Due from Other Funds	12,500	-	-	12,500
Due from Other CDA Funds	45,000	-	-	45,000
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	948	5,600,414	-	5,601,362
Total Capital Assets	948	5,875,586	-	5,876,534
Total Assets	<u>\$ 84,889</u>	<u>\$ 9,590,575</u>	<u>\$ 16,638</u>	<u>\$ 9,692,102</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 8,884	\$ -	\$ 2,817	\$ 11,701
Due to Other CDA funds	-	45,000	-	45,000
Total Liabilities	<u>8,884</u>	<u>45,000</u>	<u>2,817</u>	<u>56,701</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	948	5,875,586	-	5,876,534
Restricted	-	3,669,989	-	3,669,989
Unrestricted	75,057	-	13,821	88,878
Total Net Position	<u>76,005</u>	<u>9,545,575</u>	<u>13,821</u>	<u>9,635,401</u>
Total Liabilities and Net Position	<u>\$ 84,889</u>	<u>\$ 9,590,575</u>	<u>\$ 16,638</u>	<u>\$ 9,692,102</u>

**City of Whitewater  
Whitewater, WI**

**Combining Statement of Revenues, Expenses and Changes in  
Net Position - Component Unit  
For the Year Ended December 31, 2014**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Operating Revenues	\$ -	\$ 14,790	\$ 151,097	\$ 165,887
Operating Expenses				
Operating Expenses	154,764	128,651	210,291	493,706
Depreciation	112	121,976	-	122,088
Total Operating Expenses	<u>154,876</u>	<u>250,627</u>	<u>210,291</u>	<u>615,794</u>
Operating Income (Loss)	(154,876)	(235,837)	(59,194)	(449,907)
Non-Operating Revenues (Expenses)				
Investment Income	75	30,361	-	30,436
Miscellaneous	-	46,728	47,037	93,765
Intergovernmental and Other	<u>27,284</u>	<u>250,000</u>	<u>-</u>	<u>277,284</u>
Total Non Operating Revenues	<u>27,359</u>	<u>327,089</u>	<u>47,037</u>	<u>401,485</u>
Transfer In from City	85,303	-	-	85,303
Transfer In from Other CDA Funds	45,000	-	-	45,000
Transfer Out to Other CDA Funds	<u>-</u>	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
Change in Net Position	2,786	46,252	(12,157)	36,881
Total Net Position - Beginning	<u>73,219</u>	<u>9,499,323</u>	<u>25,978</u>	<u>9,598,520</u>
Total Net Position - Ending	<u>\$ 76,005</u>	<u>\$ 9,545,575</u>	<u>\$ 13,821</u>	<u>\$ 9,635,401</u>

**City of Whitewater  
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit  
For the Year Ended December 31, 2014**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
<b>Cash Flows From Operating Activities</b>				
Received from customers	\$ -	\$ 14,790	\$ 151,097	\$ 165,887
New loans issued	-	(734,937)	-	(734,937)
Intergovernmental charges	27,284	250,000	-	277,284
Paid to suppliers for goods and services	(226,011)	(21,212)	(228,212)	(475,435)
Payments to employees for services	(363)	-	-	(363)
Net cash flows from operating activities	<u>(199,090)</u>	<u>(504,669)</u>	<u>(77,115)</u>	<u>(780,874)</u>
<b>Cash Flows From Investing Activities</b>				
Long-term investments disbursed	-	675,000	-	675,000
Investment income	75	30,361	-	30,436
Net cash flows from investing activities	<u>75</u>	<u>705,361</u>	<u>-</u>	<u>705,436</u>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Transfers in from City	85,303	-	-	85,303
Transfer in/(out)	45,000	(45,000)	-	-
Net cash flow from noncapital financing activities	<u>130,303</u>	<u>(45,000)</u>	<u>-</u>	<u>85,303</u>
Net increase (decrease) in cash and cash equivalents	(68,712)	155,692	(77,115)	9,865
Cash And Cash Equivalents - Beginning Of Year	<u>95,153</u>	<u>439,202</u>	<u>93,753</u>	<u>628,108</u>
Cash And Cash Equivalents - End Of Year	<u>\$ 26,441</u>	<u>\$ 594,894</u>	<u>\$ 16,638</u>	<u>\$ 637,973</u>

**City of Whitewater  
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit  
For the Year Ended December 31, 2014**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
<b>Reconciliation Of Operating Income (Loss) To Net</b>				
<b>Cash Flows From Operating Activities</b>				
Operating income (loss)	\$ (154,876)	\$ (235,837)	\$ (59,194)	\$ (449,907)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Miscellaneous	27,284	296,728	47,037	371,049
Noncash items included in income (loss)				
Depreciation	112	121,976	-	122,088
Change in Assets and Liabilities				
Loans receivable	-	(748,247)	-	(748,247)
Due from other funds	(12,500)	-	-	(12,500)
Due from Other CDA Funds	(45,000)	15,711	-	(29,289)
Accounts payable	1,601	-	(958)	643
Due to Other CDA Funds	(15,711)	45,000	-	29,289
Due to City	-	-	(64,000)	(64,000)
	-	-	(64,000)	(64,000)
Net Cash Flows From Operating Activities	\$ (199,090)	\$ (504,669)	\$ (77,115)	\$ (780,874)
<b>Reconciliation Of Cash And Cash Equivalents To The Statement Of Net Position</b>				
Cash and investments - statement of net position - component unit	\$ 26,441	\$ 1,138,904	\$ 16,638	\$ 1,181,983
less: Non-cash equivalents	-	(544,010)	-	(544,010)
Cash And Cash Equivalents - End Of Year	\$ 26,441	\$ 594,894	\$ 16,638	\$ 637,973

**City of Whitewater**

**Schedule of Long-Term Debt Principal Payments - Governmental Activities  
December 31, 2014**

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 Taxable General Obligation Bonds
2015	\$ 2,115,000	\$ 495,000	\$ 835,000	\$ 145,000	\$ 190,000	\$ 165,000	\$ 135,000	\$ 60,000	\$ 90,000	\$ -
2016	2,580,000	-	875,000	140,000	125,000	170,000	895,000	35,000	225,000	115,000
2017	2,565,000	-	910,000	-	40,000	175,000	915,000	75,000	335,000	115,000
2018	1,690,000	-	-	-	-	180,000	935,000	90,000	340,000	145,000
2019	1,370,000	-	-	-	-	185,000	690,000	95,000	260,000	140,000
2020	1,400,000	-	-	-	-	190,000	710,000	95,000	265,000	140,000
2021	830,000	-	-	-	-	195,000	-	220,000	270,000	145,000
2022	855,000	-	-	-	-	205,000	-	225,000	275,000	150,000
2023	875,000	-	-	-	-	210,000	-	235,000	280,000	150,000
2024	905,000	-	-	-	-	220,000	-	240,000	290,000	155,000
2025	1,060,000	-	-	-	-	230,000	-	250,000	295,000	285,000
2026	1,065,000	-	-	-	-	235,000	-	145,000	300,000	385,000
2027	1,100,000	-	-	-	-	245,000	-	150,000	305,000	400,000
2028	730,000	-	-	-	-	255,000	-	-	315,000	160,000
2029	750,000	-	-	-	-	265,000	-	-	325,000	160,000
2030	335,000	-	-	-	-	-	-	-	335,000	-
2031	345,000	-	-	-	-	-	-	-	345,000	-
<b>Totals</b>	<b>\$ 20,570,000</b>	<b>\$ 495,000</b>	<b>\$ 2,620,000</b>	<b>\$ 285,000</b>	<b>\$ 355,000</b>	<b>\$ 3,125,000</b>	<b>\$ 4,280,000</b>	<b>\$ 1,915,000</b>	<b>\$ 4,850,000</b>	<b>\$ 2,645,000</b>

**City of Whitewater**

**Schedule of Long-Term Debt Interest Payments - Governmental Activities  
December 31, 2014**

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 Taxable General Obligation Bonds
2015	\$ 591,966	\$ 17,820	\$ 98,250	\$ 8,188	\$ 9,015	\$ 158,680	\$ 104,550	\$ 78,648	\$ 116,815	\$ 70,199
2016	524,529	-	66,938	4,200	4,455	153,400	102,188	77,298	116,050	57,305
2017	454,711	-	34,125	-	1,080	147,280	84,288	76,388	111,550	56,500
2018	385,293	-	-	-	-	140,280	65,988	74,175	104,850	55,580
2019	342,205	-	-	-	-	132,630	40,275	71,250	98,050	53,840
2020	305,961	-	-	-	-	124,028	21,300	67,783	92,850	51,740
2021	266,487	-	-	-	-	114,812	-	64,125	87,550	49,360
2022	241,972	-	-	-	-	105,062	-	55,435	81,475	46,605
2023	216,331	-	-	-	-	94,608	-	46,435	75,288	43,605
2024	189,135	-	-	-	-	83,582	-	36,565	68,988	40,305
2025	140,290	-	-	-	-	71,702	-	26,125	42,463	36,818
2026	129,366	-	-	-	-	58,938	-	14,750	55,678	29,978
2027	101,520	-	-	-	-	45,542	-	7,500	48,478	20,000
2028	72,185	-	-	-	-	31,332	-	-	40,853	9,360
2029	48,695	-	-	-	-	16,032	-	-	32,663	4,800
2030	22,100	-	-	-	-	-	-	-	22,100	-
2031	11,213	-	-	-	-	-	-	-	11,213	-
<b>Totals</b>	<b>\$ 4,043,959</b>	<b>\$ 17,820</b>	<b>\$ 199,313</b>	<b>\$ 12,388</b>	<b>\$ 14,550</b>	<b>\$ 1,477,908</b>	<b>\$ 418,589</b>	<b>\$ 696,477</b>	<b>\$ 1,206,914</b>	<b>\$ 625,995</b>