

City of Whitewater

Financial Trend Analysis

(1993-2012)

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Table of Contents

Financial Trend Analysis

Introduction.....	3
Revenues Per Capita.....	4-6
Intergovernmental Revenues.....	7-9
Tax Revenue.....	10-12
Expenditures per Capita.....	13-15
General Government as a percentage of total expenditures.....	16-18
Employees per 1,000.....	19-21
Operating Deficit or Surplus.....	22-24
Fund Balance.....	25-27
Current Liabilities.....	28-30
Long-Term Debt.....	31-33
Debt Service.....	34-36
Pension Obligation.....	37-39
Capital Outlay.....	40-42
Population.....	43-45
Arrests By Year.....	46-48
Increase in Property Value.....	49-52

INTRODUCTION
FINANCIAL INDICATORS FOR WHITEWATER, WISCONSIN
1993-2012

There are many meanings when one tries to define the term financial condition when it is applied to public sector entities. In fact, it is made up of any of the following four components:

Cash Solvency: The ability to generate sufficient cash over thirty or sixty days to meet financial obligations (pay the bills, payroll, etc.).

Budgetary Solvency: The ability to generate enough revenues over the budgetary period (calendar year) to meet expenditures and not incur deficits.

Long-Run Solvency: The ability to meet expenditures which do not occur on a yearly basis. Examples are post-employment benefits and pension costs.

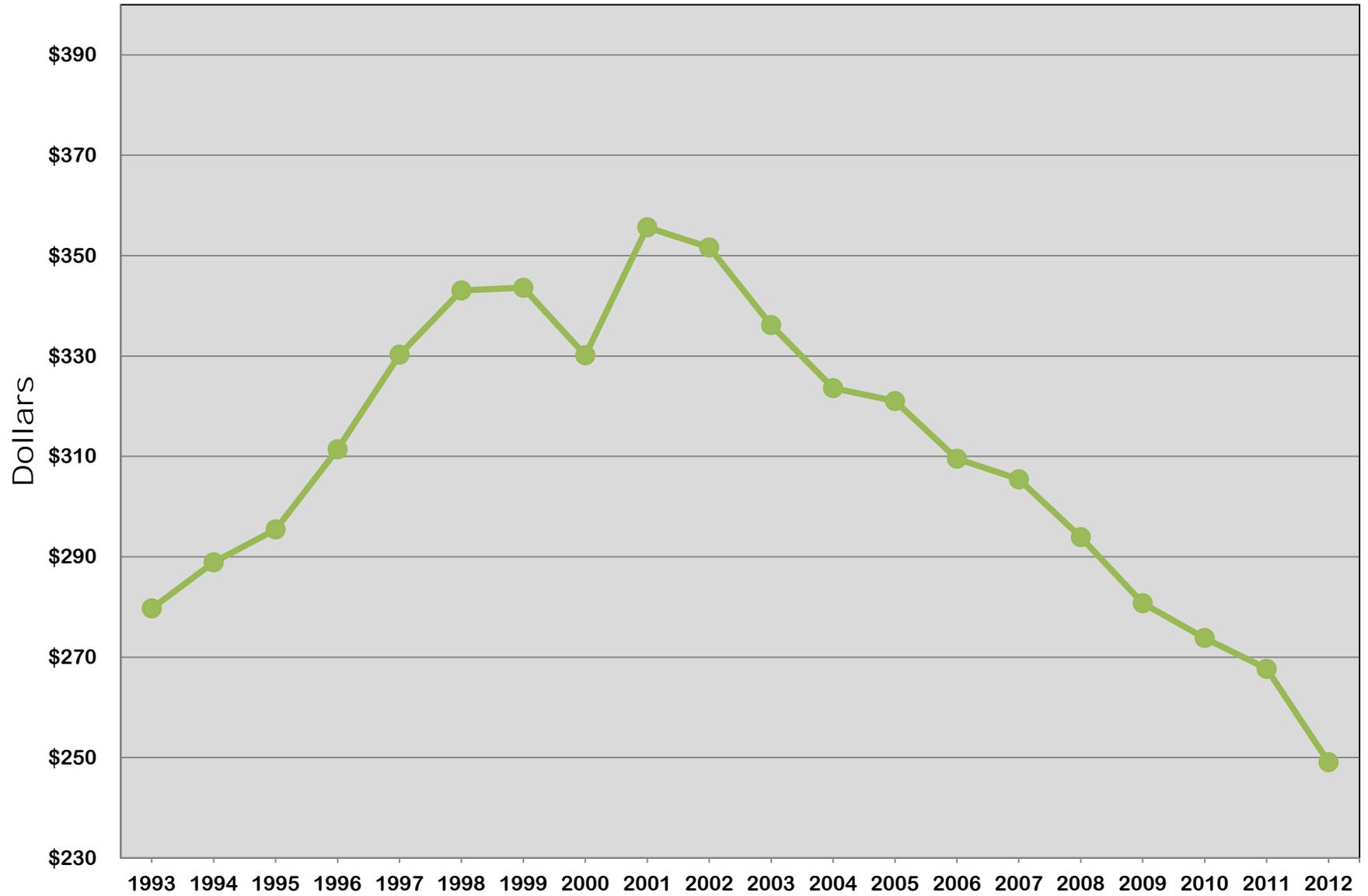
Service-Level Solvency: The community's ability to provide services at the level and quality that is required for the health, safety and welfare of the community and its citizen's desire.

In summary, financial condition can be broadly defined as a local government's ability to finance its services on a continuing basis. Specifically, financial condition refers to a government's ability to 1) maintain existing service levels, 2) withstand local and regional economic disruptions, and 3) meet the demands of natural growth, decline and change.

Through the use of Financial Trend Monitoring System (FTMS) the City of Whitewater can evaluate eleven "factors" which represent the primary forces that influence financial conditions. Associated with these factors are forty-two "indicators" that measure different aspects of nine of the factors. Not all factors or indicators are applicable to the City of Whitewater. Some of the major "factors" are debt structure, revenues, and expenditures, operating positional and intergovernmental constraints. Indicators which influence the factors are growth, population, long-term debt, property value and distribution, attitudes towards taxes and services, and fund balances.

The FTMS shows us 20 years of financial history for the City of Whitewater. The document is updated yearly. It is hoped that through the use of the FTMS it will give us an "early" warning of unfavorable trends so they can be dealt with. We should be able to use the FTMS to highlight the positive trends that the City of Whitewater has as well.

Revenues Per Capita



Revenues Per Capita

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Net operating revenues	\$5,158,815	\$5,530,804	\$5,881,555	\$6,385,340	\$6,965,926	\$7,330,827	\$7,594,450	\$7,479,764	\$8,292,271	\$8,425,089
2	Consumer price index (CPI) for the	142.1	147	151	154.7	157.7	160.3	163.7	168.6	171.7	174
3	CPI in decimal	1.421	1.47	1.51	1.547	1.577	1.603	1.637	1.686	1.717	1.74
4	Net operating revenues (constant	\$ 3,630,412	\$ 3,762,452	\$ 3,895,070	\$ 4,127,563	\$ 4,417,201	\$ 4,573,192	\$ 4,639,249	\$ 4,436,396	\$ 4,829,511	\$ 4,842,005
5	Population or other measure	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,579	13,770
6	Net operating revenues per capita	\$279.74	\$288.91	\$295.46	\$311.42	\$330.28	\$343.08	\$343.60	\$330.16	\$355.66	\$351.63

Revenues Per Capita

Fiscal Year Data

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Net operating revenues	\$8,304,703	\$8,162,831	\$8,286,581	\$8,198,458	\$8,280,534	\$8,418,812	\$8,149,533	\$8,295,780	\$8,489,461	\$8,128,578
2	Consumer price index (CPI) for the	177.7	180.2	185.2	189.9	194.1	203	203	209.6	216.9	221.14
3	CPI in decimal	1.777	1.802	1.852	1.899	1.941	2.03	2.03	2.096	2.169	2.2114
4	Net operating revenues (constant	\$ 4,673,440	\$ 4,529,873	\$ 4,474,396	\$ 4,317,250	\$ 4,266,117	\$ 4,147,198	\$ 4,014,548	\$ 3,957,910	\$ 3,913,998	\$ 3,675,761
5	Population or other measure	13,902	13,998	13,938	13,947	13,967	14,110	14,299	14,454	14,622	14,757
6	Net operating revenues per capita	\$336.17	\$323.61	\$321.02	\$309.55	\$305.44	\$293.92	\$280.76	\$273.83	\$267.68	\$249.09

Revenues Per Capita

Formula:
$$\frac{\text{Net Operating Revenues (constant dollars)}}{\text{Population}}$$

Description: Per capita revenues show changes in revenues relative to changes in population size. As population increases, it might be expected that revenues and the need for services would increase proportionately and therefore that the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to save money. This reasoning assumes that the cost of services is directly related to population size.

Warning Trend: Decrease in net operating revenues per capita.

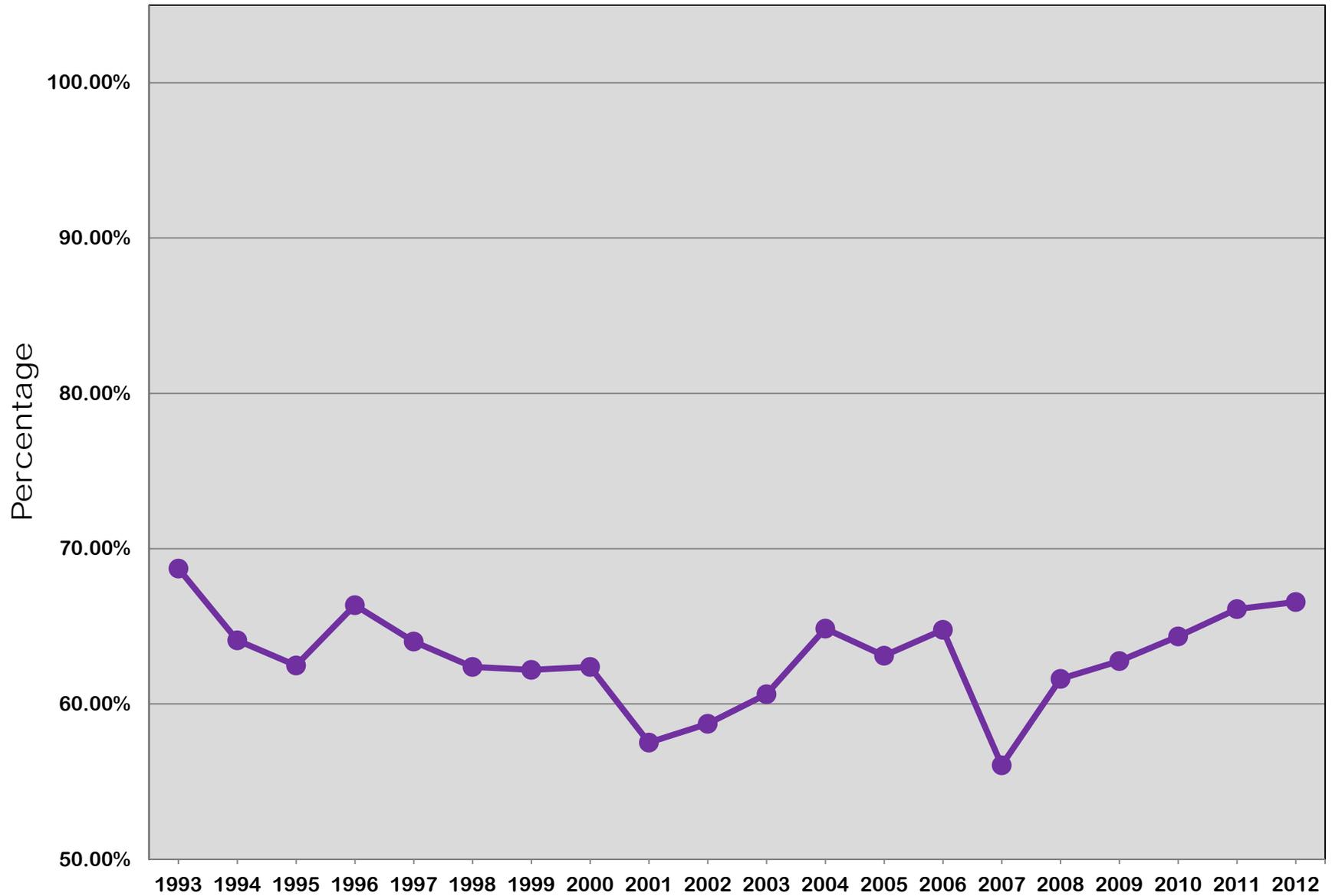
Whitewater Analysis: This financial indicator could also use the number of households, assessed value, or employment base as the denominator rather than population. Population was used because the City's population has shown a steady increase in the last 20 years with a total increase of 1,779 people during that time or 13.7%.

The warning trend is that there is a decrease in net operating revenues per capita occurring in Whitewater. Over the studied 20 year period, adjusting for inflation, revenues per capita have varied from a high of \$355.66 in 2001 to a low of \$249.09 in 2012. We are now operating with the largest population and the least amount of money the city has seen in 20 years. Today Whitewater is serving almost 14% more people with about 12% less money than in 1993. Since 2001, revenues per capita have been steadily declining.

This trend raises two questions or possible concerns: 1) Is it reasonable to assume that the decreased level of revenues will continue? The City must plan for a time when these revenues might no longer be available (i.e. State Shared Revenues), and 2) Do the decreased revenues per capita represent a decrease in the tax burden as measured by comparing changes in this indicator to changes in personal income, business income or other measures of community wealth?-if the tax burden is increasing will residents and business owners be able to pay for local services?

Facing continued uncertainty regarding State Shared Revenues plus the limits on increases for property tax revenues, the City must consider new revenue sources, modifying the level of existing services and/or alternative employee benefit policies.

Intergovernmental Revenues



Intergovernmental Revenues

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Intergovernmental operating revenues	\$3,544,785	\$3,544,785	\$3,674,512	\$4,237,581	\$4,459,380	\$4,572,792	\$4,723,400	\$4,666,373	\$4,768,554	\$4,947,404
	Shared Revenue										
	Shared Revenue Base & ERP	\$2,796,920	\$2,901,586	2,995,726*	\$3,010,443	\$2,990,728	\$3,001,271	\$3,004,373	\$3,076,956	\$3,160,561	\$3,191,484
	Shared Revenue - Utility				\$276,163.00	\$750,513.00	\$750,513.00	\$750,513	\$750,513	\$750,513	\$758,017
	State Aid										
	Transportation Aid	\$409,309	\$444,896	\$457,940	\$464,545	\$466,414	\$490,337	\$494,484	\$553,753	\$558,333	\$633,676
	University Services	\$191,631	\$169,647	\$206,838	\$311,588	\$217,130	\$230,180	\$419,375	\$259,189	\$260,685	\$291,085
2	Net Operating Revenues	\$5,158,815	\$5,530,804	\$5,881,555	\$6,385,340	\$6,965,926	\$7,330,827	\$7,594,450	\$7,479,764	\$8,292,271	\$8,425,089
3	Intergovernmental operating revenues	68.71%	64.09%	62.48%	66.36%	64.02%	62.38%	62.20%	62.39%	57.51%	58.72%

Intergovernmental Revenues

Fiscal Year Data

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Intergovernmental operating revenues	\$5,034,518	\$5,293,086	\$5,228,851	\$5,310,247	\$4,641,085	\$5,187,720	\$5,114,103	\$5,338,300	\$5,603,986	\$5,411,338
	Shared Revenue										
	Shared Revenue Base & ERP	\$3,201,146	\$3,009,206	\$3,047,718	\$3,032,558	\$3,046,697	\$3,016,859	\$3,009,205	\$2,952,038	\$2,952,038	\$2,843,022
	Shared Revenue - Utility	\$765,597	\$750,318	\$727,924	\$698,318	\$668,468	\$639,400	\$611,378	\$583,226	\$552,001	\$529,521
	State Aid										
	Transportation Aid	\$645,148	\$619,001	\$591,775	\$567,063	\$472,494	\$450,435	\$508,967	\$550,287	\$582,587	\$527,175
	University Services	\$314,345	\$293,632	\$293,285	\$390,536	\$334,331	\$345,938	\$307,746	\$323,852	\$365,187	\$371,720
2	Net Operating Revenues	\$8,304,703	\$8,162,831	\$8,286,581	\$8,198,458	\$8,280,534	\$8,418,812	\$8,149,533	\$8,295,780	\$8,476,275	\$8,128,578
3	Intergovernmental operating revenues	60.62%	64.84%	63.10%	64.77%	56.05%	61.62%	62.75%	64.35%	66.11%	66.57%

Intergovernmental Revenues

Formula:
$$\frac{\text{Intergovernmental Operating Revenues}}{\text{Gross Operative Revenues}}$$

Description: Intergovernmental revenues are important because an overdependence on such revenues can be harmful. The federal and state governments struggle with their own budget problems; as a result, they frequently have withdrawn or reduced payments to local governments. Local governments with budgets largely supported by intergovernmental revenues have been particularly harmed. The reduction of intergovernmental funds leaves the municipal government with the dilemma of cutting programs or funding them from general fund revenues.

Warning Trend: Increasing amount of intergovernmental operating revenues as a percentage of gross operating revenues.

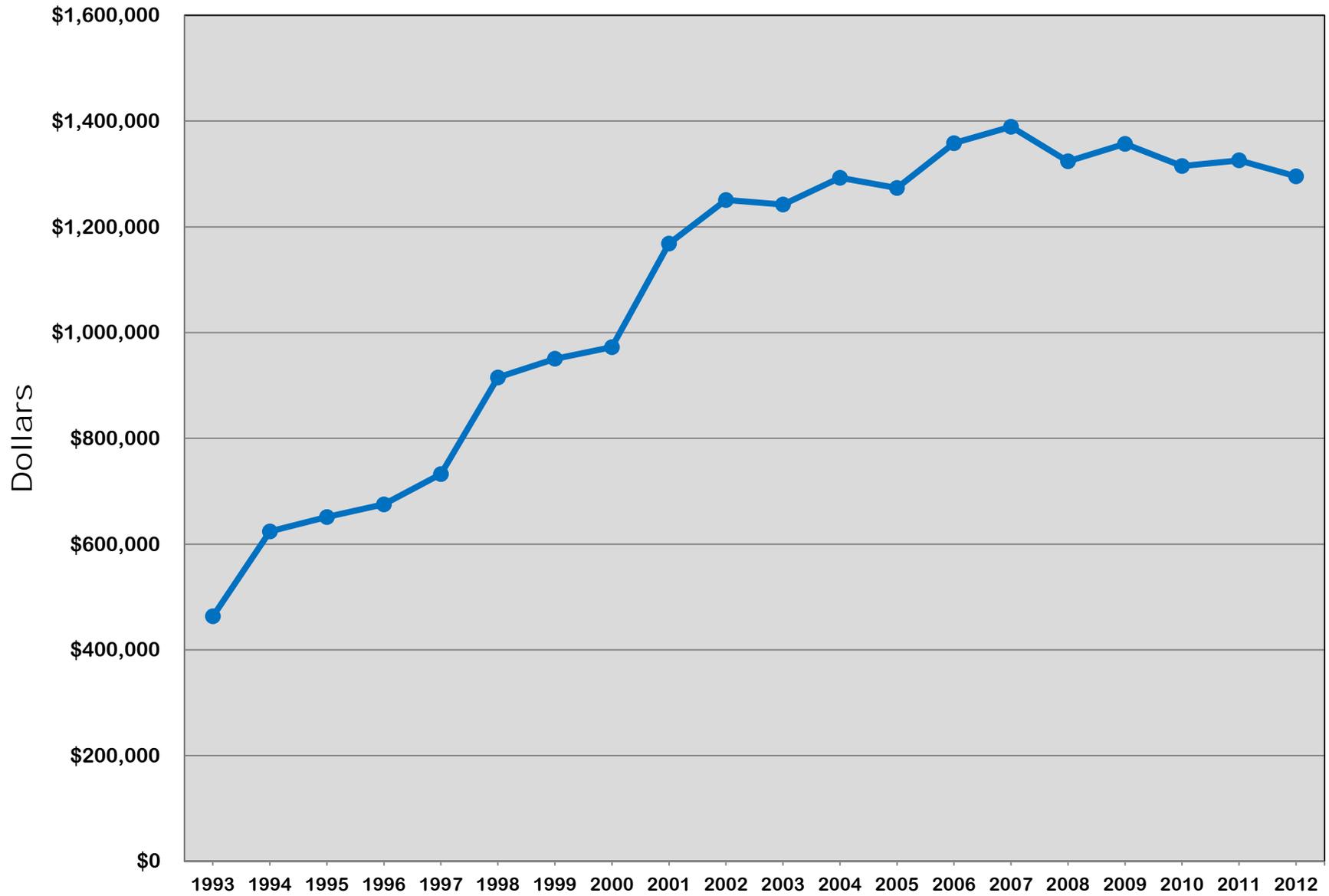
Whitewater Analysis: This is a very important financial indicator for the City of Whitewater because of the community's historical reliance on State Shared Revenues and other state funding. Over the studied 20 year period, the amount of intergovernmental revenue as a percentage of the city's annual operating budget has gone down somewhat but these revenues still represent more than 60% of the city budget.

The City unfortunately has been consistently above this 60% mark for the last 10 years. The City received 66.57% of its operating revenues from intergovernmental sources in 2012. Although this reflects a slightly higher percentage than the city received in 2011 (66.11%) the city actually received 4% less funds overall; \$5,603,986 in 2011 compared to \$5,411,338 in 2012. There was a 4% decrease in Shared Revenues Base & ERP funds; a 4% decrease in Shared Revenues-Utility funds; and a 10% decrease in Transportation Aid funds. The decline in the transportation aid since 2006 can be partially attributed to the opening of the Whitewater by-pass which took over the State Highway designation and the associated transportation aid from the City in addition to actions taken by the State Legislation over the past few sessions.

The only increase in funding was for University services that increased by 2% over 2011. However, it is still significantly lower than the high that the City received in 1999 of \$419,375 to only \$371,720 in 2012.

This is a problem because the City is continuing to receive less Intergovernmental revenues but is continuing to increase the percentage that these funds play into the total operating funds. The City must strive to continue to reduce its reliance on intergovernmental revenues. Policies should be considered by the City Council that would limit intergovernmental revenues to a certain percentage as well as that all potential grants be carefully examined for matching requirements (both dollar and level-of-effort matches). Intergovernmental assistance should also be used to finance only those capital improvements that are consistent with the City's long-term Capital Improvement Program (CIP).

Property Tax Revenues (constant dollars)



Tax Revenues

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Tax revenues	\$658,769	\$917,188	\$983,261	\$1,044,419	\$1,155,102	\$1,466,918	\$1,556,159	\$1,639,553	\$2,006,033	\$2,176,397
2	Consumer price index (CPI) for the municipality's area	142.1	147	151	154.7	157.7	160.3	163.7	168.6	171.7	174
3	CPI in decimal	1.421	1.47	1.51	1.547	1.577	1.603	1.637	1.686	1.717	1.74
4	Tax revenues (constant dollars)	\$ 463,595	\$ 623,937	\$ 651,166	\$ 675,125	\$ 732,468	\$ 915,108	\$ 950,616	\$ 972,451	\$ 1,168,336	\$ 1,250,803

Tax Revenues

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Tax revenues	\$2,207,408	\$2,329,553	\$2,358,651	\$2,579,342	\$2,696,586	\$2,687,809	\$2,754,615	\$2,756,361	\$2,875,851	\$2,864,992
2	Consumer price index (CPI) for the municipality's area	177.7	180.2	185.2	189.9	194.1	203	203	209.6	216.9	221.14
3	CPI in decimal	1.777	1.802	1.852	1.899	1.941	2.03	2.03	2.096	2.169	2.2114
4	Tax revenues (constant dollars)	\$ 1,242,210	\$ 1,292,760	\$ 1,273,570	\$ 1,358,263	\$ 1,389,277	\$ 1,324,044	\$ 1,356,953	\$ 1,315,058	\$ 1,325,888	\$ 1,295,556

Tax Revenues

Formula: Tax Revenues (constant dollars)

Description: A decline or a diminished growth rate in taxes can have a number of causes. First, it may reflect an overall decline in property values; a decline in national, state, or local economic health; a decline in total number of households; or the movement of retail or industrial operations to other communities. Second, it may result from default on property taxes by property owners or an inefficient assessment of appraisal process for property. Finally, it may result from sales or income tax payers moving their base of operations to other jurisdictions.

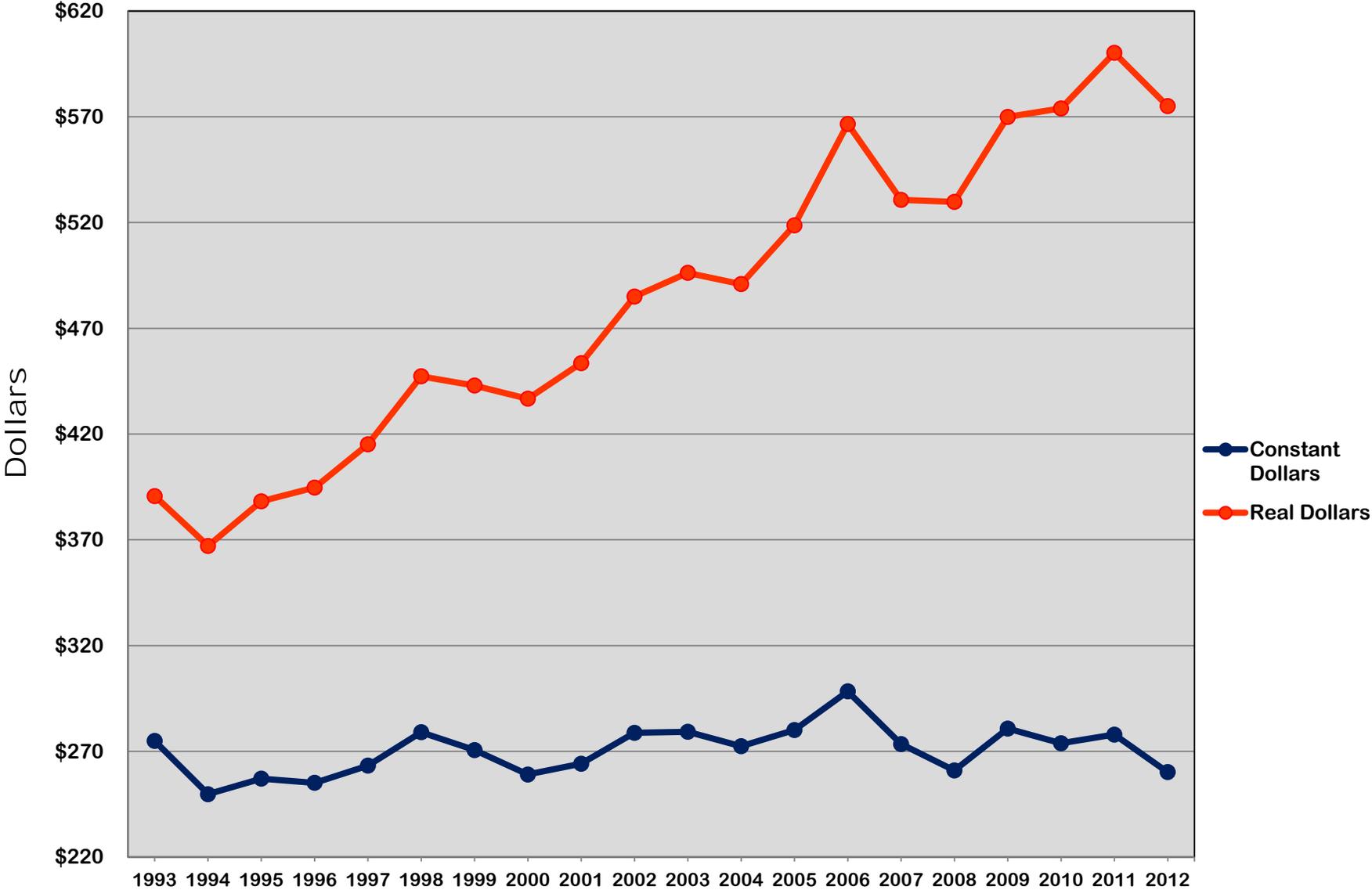
Warning Trend: Decline in Tax Revenues (constant dollars).

Whitewater Analysis: Property tax revenues in constant dollars received by the City of Whitewater have risen from \$463,595 in 1993 to \$1,295,556 in 2012 -an increase in constant dollars of approximately 179%. Actual property tax levied in 1993 was \$658,769 compared to 2012 at \$2,864,992 and an increase of 476%. The consumer price index during this same time frame increased from 142.1 to 221.14 or 56%. The market value of the City's property soared from \$161,623,700 in 1993 to \$610,759,500 in 2012.

While the City has seen an increase in property tax revenue, property values are still on a decline. There has been a 4% decrease in property values in the City since 2008 while actual property tax revenues have increased by 7%. The revenues in constant dollars have decreased by 2% since 2008.

Although Whitewater property values have declined 4% since 2008 this is still far better than the State average median sale price which has seen a 15% decrease since 2008. The average median sale price in Wisconsin in 2008 was \$154,000 compared to the 2012 amount of \$133,500. Jefferson county average median sale price in 2008 was \$162,000 and \$140,000 in 2012; a 16% decrease in value. Walworth county also saw a decrease with the average median sale price. In 2008 it was \$180,700 and in 2012 it was \$150,000; a 20% decrease. The National average median sale price actually saw a 5% increase from \$230,408 in 2008 to \$242,108 in 2012.

Expenditures Per Capita



Expenditures Per Capita

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Net operating expenditures	\$5,070,190	\$4,780,702	\$5,117,956	\$5,231,425	\$5,552,387	\$5,963,025	\$5,980,834	\$5,868,398	\$6,171,516	\$6,641,401
2	Consumer price index (CPI) for the municipality's area	142.10	147.00	151.00	154.70	157.70	160.30	163.70	168.60	171.70	174.00
3	CPI in decimal	1.42	1.47	1.51	1.55	1.58	1.60	1.64	1.69	1.72	1.74
4	Net operating expenditures in CPI base-year dollars	\$3,568,044	\$3,252,178	\$3,389,375	\$3,381,658	\$3,520,854	\$3,719,916	\$3,653,533	\$3,480,663	\$3,594,360	\$3,816,897
5	Population or other measure	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,608	13,693
6	Net operating expenditures per capita (constant dollars)	\$275	\$250	\$257	\$255	\$263	\$279	\$271	\$259	\$264	\$279
7	Net operating expenditures per capita	\$391	\$367	\$388	\$395	\$415	\$447	\$443	\$437	\$454	\$485

Expenditures Per Capita

Fiscal Year Data

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Net operating expenditures	\$6,891,299	\$6,872,127	\$7,229,437	\$7,902,652	\$7,412,705	\$7,475,044	\$8,149,533	\$8,295,780	\$8,777,011	\$8,486,263
2	Consumer price index (CPI) for the municipality's area	177.70	180.20	185.20	189.90	194.10	203.00	203.00	209.60	216.93	221.14
3	CPI in decimal	1.78	1.80	1.85	1.90	1.94	2.03	2.03	2.10	2.16	2.21
4	Net operating expenditures in CPI base-year dollars	\$3,878,052	\$3,813,611	\$3,903,584	\$4,161,481	\$3,819,013	\$3,682,288	\$4,014,548	\$3,957,910	\$4,063,431	\$3,839,938
5	Population or other measure	13,887	13,998	13,938	13,947	13,967	14,110	14,299	14,454	14,622	14,757
6	Net operating expenditures per capita (constant dollars)	\$279	\$272	\$280	\$298	\$273	\$261	\$281	\$274	\$278	\$260
7	Net operating expenditures per capita	\$496	\$491	\$519	\$567	\$531	\$530	\$570	\$574	\$600	\$575

Expenditures per Capita

$$\text{Formula: } \frac{\text{Net operating expenditures (constant dollars)}}{\text{Population}}$$

Description: Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Increasing per capita expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, especially if spending is increasing faster than the residents' collective personal income. From a different perspective, if the increase in spending is greater than can be accounted for by inflation or addition of new services, it may indicate declining productivity—that is, that the government is spending more real dollars to support the same level of services.

Warning Trend: Increasing number of municipal employees per capita.

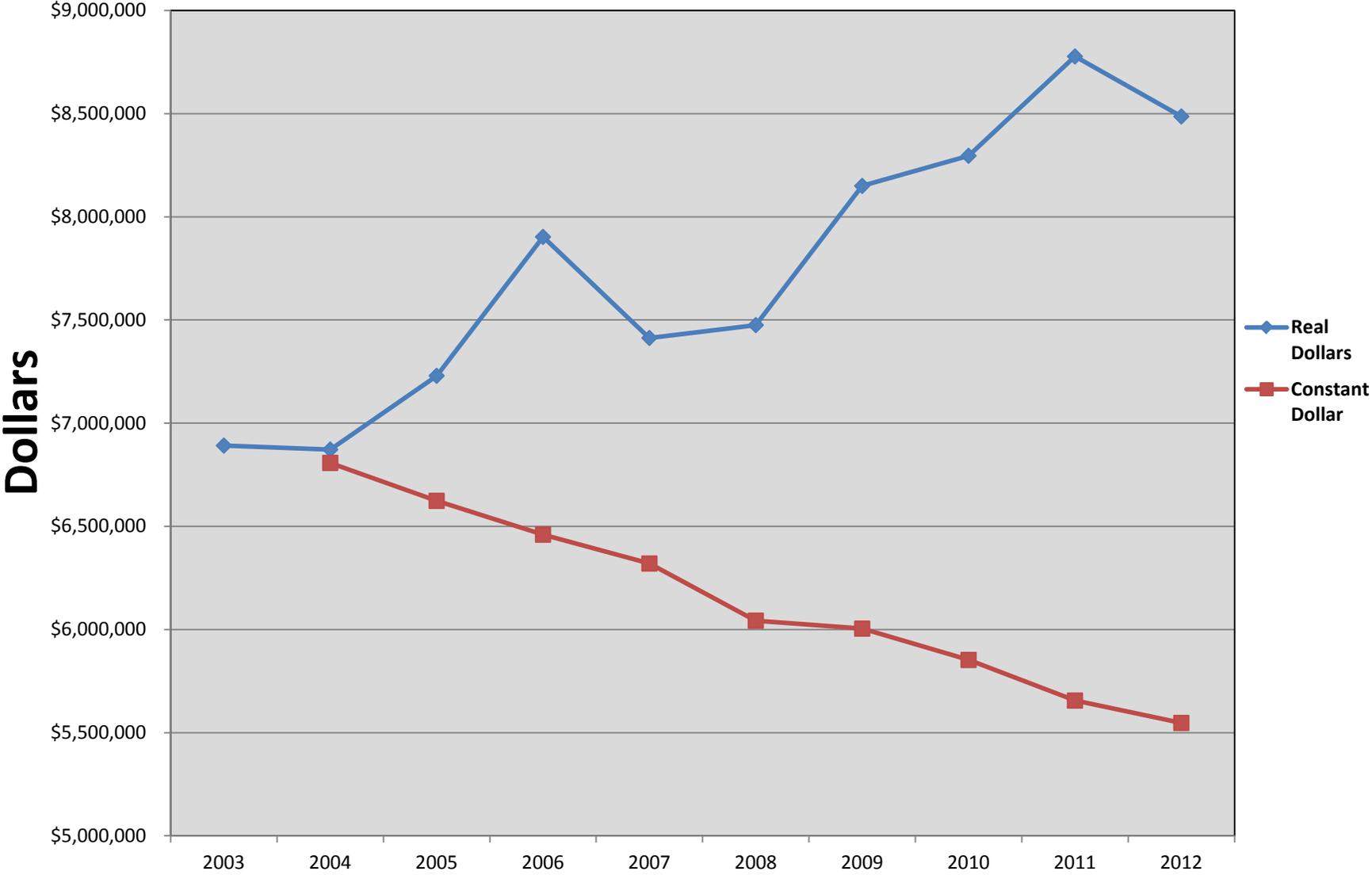
Whitewater Analysis: This is a very positive financial trend for the City of Whitewater. When taking inflation and increased cost of living into consideration, the City of Whitewater is spending less now per capita than it was in 20 years ago. The net operating expenditures per capita (constant dollars) were \$260 in 2012 compared to \$275 in 1993. This is the lowest constant dollar amount the city has operated on since 1996 when it was \$255. Although the actual net operating expenditures per capita show \$575 in 2012 this is still lower than the \$600 in 2011 with an increased population of almost 1% and a CPI increase of 2%. Thus, even though the City has grown in population and in size (two prime indicators of demand for city services), its spending has really remained very constant.

Part of the reason for this favorable trend is that the City Council is provided with regular reports comparing actual revenues and expenditures to budgeted amounts. Also, the City has employed a number of cost saving measures such as contracting for services or replacing full-time technical staff with consultants and eliminating programs that are no longer important in order to maintain this trend.

It is important to note that while the city continues to implement cost saving measures to keep operating costs low the City's Net Operating Expenditures continue to increase and over this 20 year period has increase by \$3,416,073 or 67%. However, when you take the CPI into consideration the increase is just over 7%.

In the future, the City needs to integrate into its annual budget process the use of performance measures and productivity indicators to provide better and improved methods to analyze how it is spending on services and programs.

Net Operating Expenditures Base Year 2003



Net Operating Expenditures

Base Year 2003

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Net operating expenditures	\$6,891,299	\$6,872,127	\$7,229,437	\$7,902,652	\$7,412,705	\$7,475,044	\$8,149,533	\$8,295,780	\$8,777,011	\$8,486,262
2	CPI	177.70	180.20	185.20	189.90	194.10	203.00	204.30	209.60	216.90	221.14
3	CPI in Decimal	1.78	1.80	1.85	1.90	1.94	2.03	2.04	2.10	2.17	2.21
4	Constant Dollar Amount Compared to 2003		\$ 6,807,165.49	\$ 6,623,386.73	\$ 6,459,458.78	\$ 6,319,686.87	\$ 6,042,616.86	\$ 6,004,166.53	\$ 5,852,343.62	\$ 5,655,376.77	\$ 5,546,944.12

Net Operating Expenditures

$$\text{Formula: Net Operating Expenditures (2003)} \times \frac{\text{CPI 2003}}{\text{CPI (Current Year)}}$$

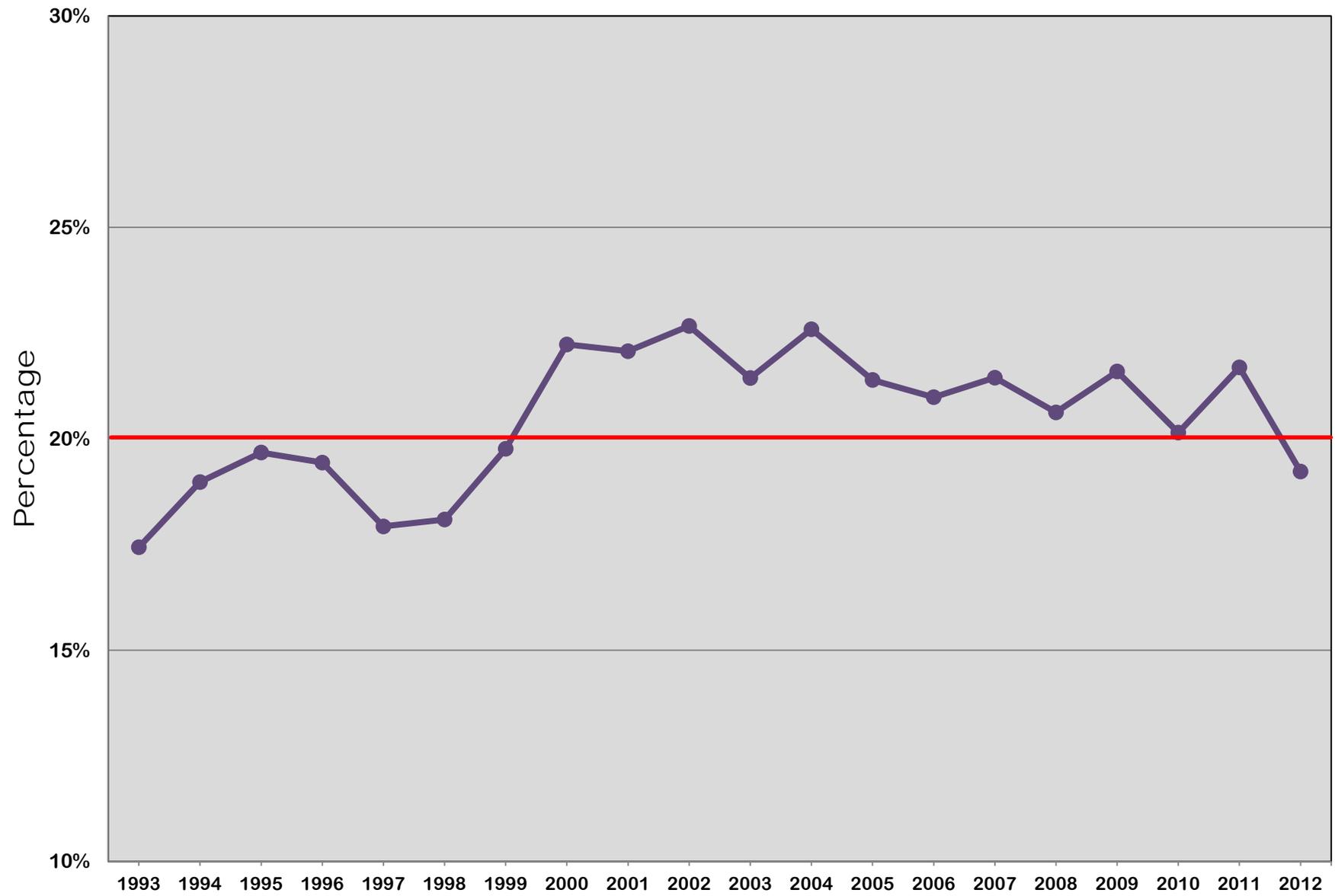
Description: Increasing expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, if the increase in spending is greater than can be accounted for by inflation or addition of new services, it may indicate declining productivity—that is, that the government is spending more real dollars to support the same level of services.

Warning Trend: An increase in Net Operating Expenditures in Constant Dollars

Whitewater Analysis: This is a very positive financial trend for the City of Whitewater. Even though in current real dollars the City's spending rose from \$6,891,299 to \$8,486,262 from 2003 to 2012, when taking into account inflation and the increased cost of living, the City is spending less today in Constant Dollar Net Operating Expenditures than it was in 2003. Thus, even though the City has grown in population and in size (two prime indicators of demand for city services), its spending has really remained very constant.

The City has employed a number of cost saving measures to maintain this positive trend. Most recently the city has invested in energy saving technologies which have significantly reduced operating costs. Some other measures taken were contracting for services or replacing full-time technical staff with consultants and eliminating programs that are no longer needed. The City Council is also provided with regular reports comparing actual revenues and expenditures to budgeted amounts.

General Government As a Percentage of Total Expenditures



Expenditures by Function (General Government)

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	General and administrative expenditures	\$5,019,659	\$4,780,702	\$5,117,956	\$5,231,425	\$5,536,810	\$5,835,471	\$5,965,253	\$5,843,099	\$6,146,160	\$6,594,912
	Current Expenditures										
	<i>General Government</i>	\$883,978	\$907,179	\$1,006,942	\$1,016,769	\$995,320	1,078,721	\$1,181,988	\$1,304,541	\$1,362,077	\$1,505,429
	<i>Public Safety</i>	\$2,045,357	\$2,197,005	\$2,354,739	\$2,413,767	\$2,546,129	\$2,727,614	\$2,622,899	\$2,585,630	\$2,767,613	\$2,779,086
	<i>Public Works</i>	\$1,354,437	\$936,610	\$946,752	\$879,869	\$959,291	\$989,318	\$974,043	\$892,044	\$915,963	\$1,056,057
	<i>Culture and Education</i>	\$681,707	\$721,012	\$727,941	\$742,412	\$889,181	\$940,090	\$1,091,875	\$960,955	\$1,000,489	\$1,119,838
	<i>Library</i>	\$226,201	\$248,098	\$272,459	\$285,536	\$307,470	\$316,449	\$322,401	\$348,979	\$393,413	\$418,341
	<i>Young Library Building</i>	\$49,338	\$61,271	\$67,827	\$62,269	\$182,941	\$75,385	\$90,872	\$80,012	\$88,154	\$87,290
	<i>Conservation and Development</i>	\$54,180	\$18,896	\$81,582	\$178,608	\$146,889	\$99,728	\$94,448	\$99,929	\$100,018	\$134,502
2	Total net operating expenditures	\$5,070,190	\$4,780,702	\$5,117,956	\$5,231,425	\$5,552,387	\$5,963,025	\$5,980,834	\$5,868,398	\$6,171,516	\$6,641,401
3	General and administrative expenditures as a percentage of total net operating expenditures	17.43481%	18.97585%	19.67469%	19.43579%	17.92598%	18.09016%	19.76293%	22.22993%	22.07038%	22.66734%

Expenditures by Function (General Government)

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	General and administrative expenditures	\$6,797,582	\$6,612,178	\$6,858,975	\$7,009,467	\$7,197,453	\$7,689,663	\$7,604,335	\$7,767,006	\$8,592,365	\$8,334,236
	Current Expenditures										
	<i>General Government</i>	\$1,477,271	\$1,552,389	\$1,546,404	\$1,658,240	\$1,589,551	\$1,648,165	\$1,685,780	\$1,597,138	\$1,903,567	\$1,631,502
	<i>Public Safety</i>	\$2,979,398	\$2,909,472	\$3,119,994	\$3,146,977	\$3,212,196	\$3,677,579	\$3,587,158	\$3,834,954	\$3,953,920	\$4,011,569
	<i>Public Works</i>	\$1,060,332	\$836,396	\$944,426	\$1,010,115	\$1,103,048	\$1,108,765	\$1,023,722	\$999,651	\$1,454,736	\$1,359,522
	<i>Culture and Education</i>	\$1,100,189	\$1,100,142	\$1,047,222	\$1,023,285	\$1,049,477	\$1,074,082	\$1,079,797	\$1,128,761	\$1,146,245	\$1,213,169
	<i>Library</i>	\$438,771	\$403,512	\$424,850	\$454,743	\$468,280	\$480,743	\$464,378	\$483,637	\$478,545	\$466,355
	<i>Young Library Building</i>	\$126,889	\$95,804	\$85,609	\$118,777	\$162,298	\$96,783	\$116,175	\$88,432	\$84,252	\$71,110
	<i>Conservation and Development</i>	\$180,392	\$213,779	\$200,929	\$170,850	\$243,181	\$181,272	\$227,878	\$206,502	\$133,897	\$118,474
2	Total net operating expenditures	\$6,891,299	\$6,872,127	\$7,229,437	\$7,902,652	\$7,412,705	\$7,991,981	\$7,807,626	\$7,927,925	\$8,777,011	\$8,486,263
3	General and administrative expenditures as a percentage of total net operating expenditures	21.43676%	22.58964%	21.39038%	20.98334%	21.44360%	20.62273%	21.59145%	20.14573%	21.68810%	19.22521%

Expenditures by Function

Formula:
$$\frac{\text{Operating expenditures for one function}}{\text{Total net operating expenditures}}$$

Description: Expenditures by function shows a more detailed breakdown of a local government's general governmental funds expenditures. Expenditures by function will help analyze the cause of the increases in governmental spending over time.

Warning Trend: Increasing operating expenditures for one function as a percentage of total net operating expenditures.

Whitewater Analysis: This is a very interesting financial trend because it shows how much spending has changed over time by the City by function. Also, it is good to track how much the general government costs have gone up or down as a percentage of the "line" operations of the municipality.

When looking at the 1993 to 2012 time period, Whitewater's general government costs as a percentage of total net operating expenses dropped to a low of 17.43% in 1993 and a high of 22.67% in 2002. The City of Whitewater's net operating expense showed a positive decline in 2012 19.23% , this is the lowest it has been since 1998 when it was 18.09%. The net operating expense has decreased over 12% from 2011 when it was at 21.69%. This is the first time since 1999 that the City has met it's policy goal of being under 20%.

It is important for Whitewater city government to monitor this trend and work towards keeping its administrative and overhead costs down as much as possible. A policy goal should be in place to keep these costs below 20% in the future.

The spending has increased significantly over last 20 years as well as the spending priorities. The following is a breakout of the percent of Total Net Operating Expenditures distributed then and now. General Government 1993-17% & 2012-19%; Public Safety 1993-40% & 2012-47%; Public Works 1993-27% & 2012-16%; Culture & Education 1993-13% & 2012-14%; Library & Library Building 1993-5% & 2012-6%; & Conservation & Development 1993-1% & 2012-1%. Public Safety still commands the highest percentage of city functional spending and now represents 47% of the total operating budget.

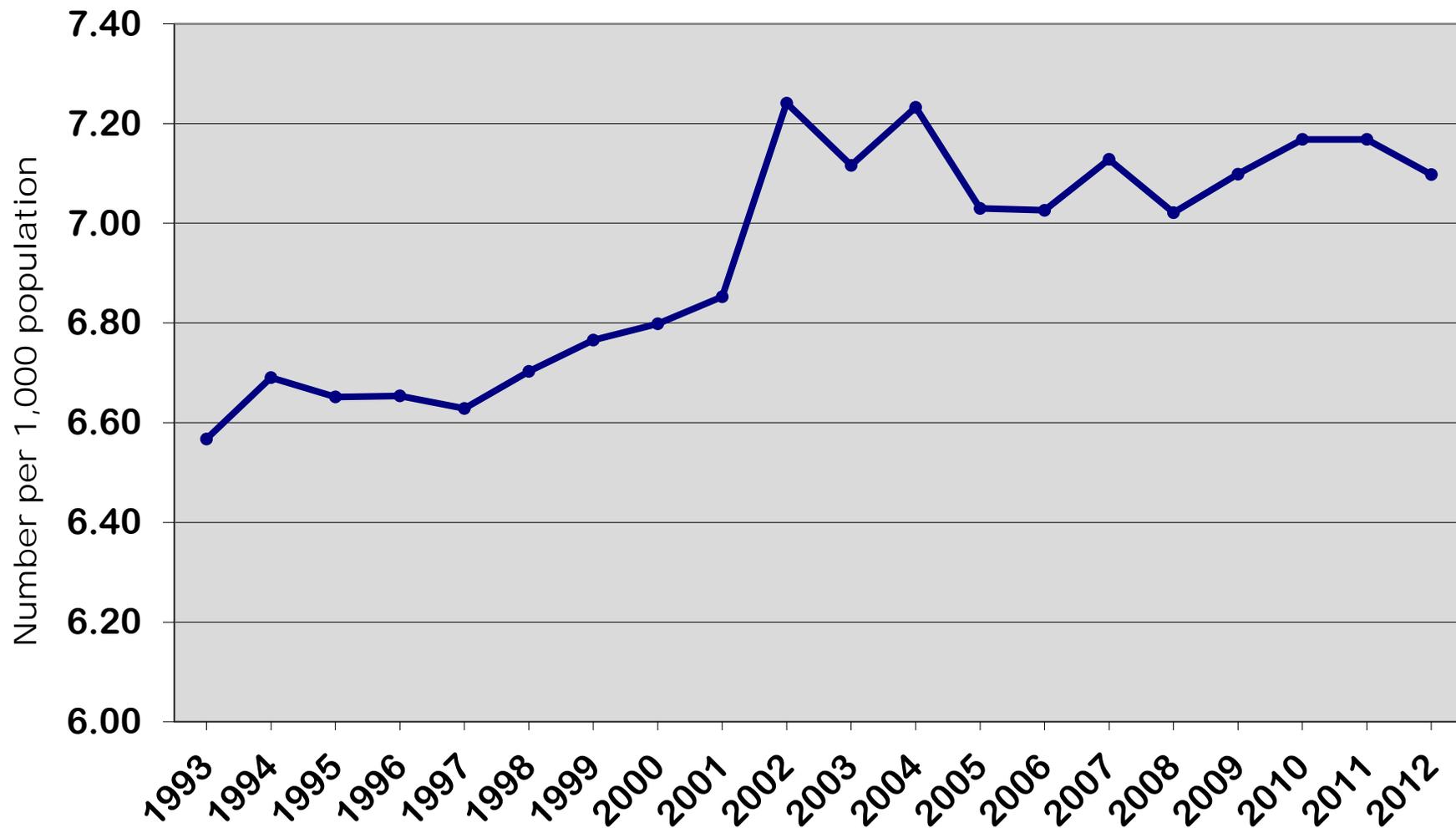
The percentage of spending for public works has dropped in part due to changes for major infrastructure improvement projects, now funded through a Capital Improvement Program (CIP) as well as the financing of major public works equipment purchases through a capital equipment fund. But it also indicative of greater efficiencies in public works operations such as contracting out of some major functions such as refuse and recycling collection/disposal and application of new technologies.

The City took a major step forward in late 2006 by establishing a non-lapsing Street Repair Fund. This is a positive sign of the City's commitment towards adequately maintaining its infrastructure before street reconstruction costs grow exponentially because of deferred repair and maintenance work.

The City needs to be wary of not spending enough on public works maintenance projects because it could lead to substantially higher operating costs in the future if the infrastructure is not kept up to date.

In the fall of 2007, the City established a Stormwater Utility which transferred the General Fund expenditures related to street cleaning and storm water maintenance to the Stormwater Utility.

Employees per 1,000



Employees per 1,000 Population (1993-2012)

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Number of municipal employees	85.23	87.13	87.69	88.19	88.65	89.35	91.35	91.35	93.25	99.15	98.82	101.24	97.98	97.99	99.56	99	101.5	103.61	103.61	104.74
2	Population or other measure	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,608	13,693	13,887	13,998	13,938	13,947	13,967	14,100	14,299	14,454	14,454	14,757
3	Number of municipal employees per capita	6.5673	6.6905	6.6517	6.6538	6.6285	6.7029	6.7657	6.7984	6.8526	7.2409	7.1160	7.2325	7.0297	7.0259	7.1282	7.0213	7.0984	7.1683	7.1683	7.0976

Employees per 1,000

Formula:
$$\frac{\text{Number of municipal employees}}{\text{Population}}$$

Description: Because personnel cost are a major portion of a local government's operating budget, plotting changes in the number of employees per capita is a good way to measure changes in expenditures. An increase in employees per capita might indicate that expenditures are rising faster than revenues that the government is becoming more labor intensive, or that personnel productivity is declining.

Warning Trend: Increasing number of municipal employees per capita.

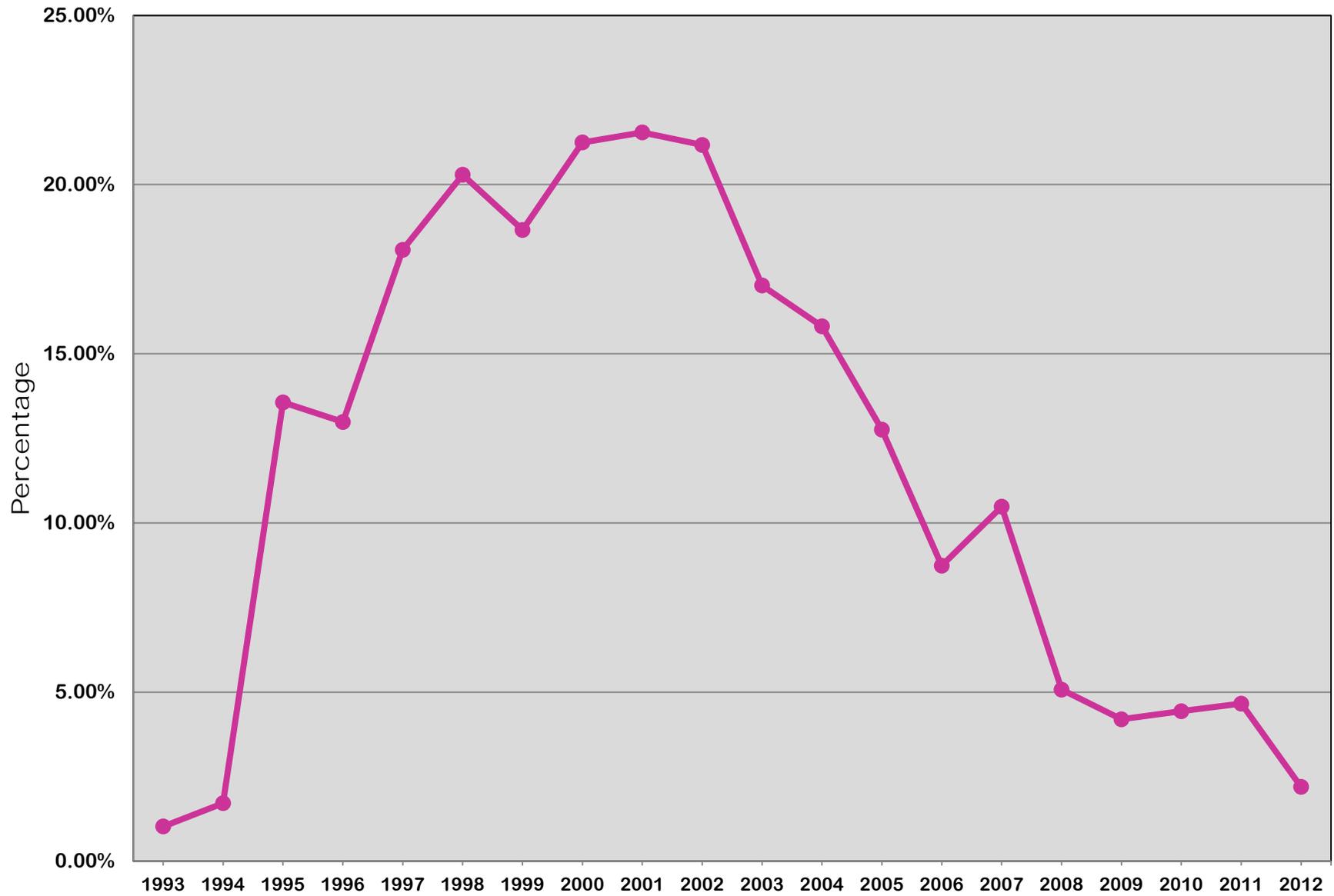
Whitewater Analysis: This is a positive financial trend for the City, particularly over the last several years.

The number of full-time, permanent employees per 1,000 population in 2012 was 7.1, and over the last 10 years has remained relatively constant. The number of city employees reached a peak of 7.24 per 1,000 residents in 2002 and is at the same level today.

This trend may indicate that Whitewater city government is becoming less labor intensive or that personnel productivity is increasing.

In some local governments, population may not be the best denominator for this indicator. For example, households, assessed value or employment base might be a better measure than a per capita measure. However, with Whitewater this seems to be an appropriate measure because our city services tend to be driven more by population, particularly the large student population, than by these other factors. This may change as the Whitewater Business and University Technology Park continues to develop and more single-family homes are constructed in the City.

Operating Deficit or Surplus



Operating Deficit or Surplus

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	General fund operating deficit or surplus	\$51,149	\$88,625	\$750,102	\$763,599	\$1,153,915	\$1,413,539	\$1,367,802	\$1,613,616	\$1,611,366	\$1,783,688
2	Net operating revenue	\$4,964,652	\$5,158,815	\$5,530,804	\$5,881,555	\$6,385,340	\$6,965,926	\$7,330,827	\$7,594,450	\$7,479,764	\$8,425,089
3	General fund operating deficit as a percentage of net operating revenues ¹	1.03%	1.72%	13.56%	12.98%	18.07%	20.29%	18.66%	21.25%	21.54%	21.17%

Operating Deficit or Surplus

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	General fund operating deficit or surplus	\$1,413,404	\$1,290,704	\$1,057,144	\$716,251	\$867,829	\$426,831	\$341,907	\$367,855	\$395,484	\$177,505
2	Net operating revenue	\$8,304,703	\$8,162,831	\$8,286,581	\$8,198,458	\$8,280,534	\$8,414,812	\$8,149,533	\$8,295,780	\$8,489,461	\$8,070,075
3	General fund operating deficit as a percentage of net operating revenues ¹	17.02%	15.81%	12.76%	8.74%	10.48%	5.07%	4.20%	4.43%	4.66%	2.20%

Operating Deficit or Surplus

Formula:
$$\frac{\text{General Fund Operating Deficit or Surplus}}{\text{Net Operating Revenue}}$$

Description: An operating deficit or surplus occurs when current expenditures exceed current revenues or are lower than current revenues. A deficit does not always mean that the budget will be out of balance ("budget deficit"), because reserves ("fund balances") from prior years can be used to cover the difference. It does mean, however, that during the current year, the government is spending more than it is receiving. This may be caused by an emergency (such as a natural catastrophe) requiring a large immediate expenditure. Or the spending pattern may be part of a policy to use accumulated surplus fund balances. An operating deficit in any one year may not be cause for concern, but frequent and increasing deficits can indicate that current revenues are not supporting current expenditures and that serious problems may lie ahead.

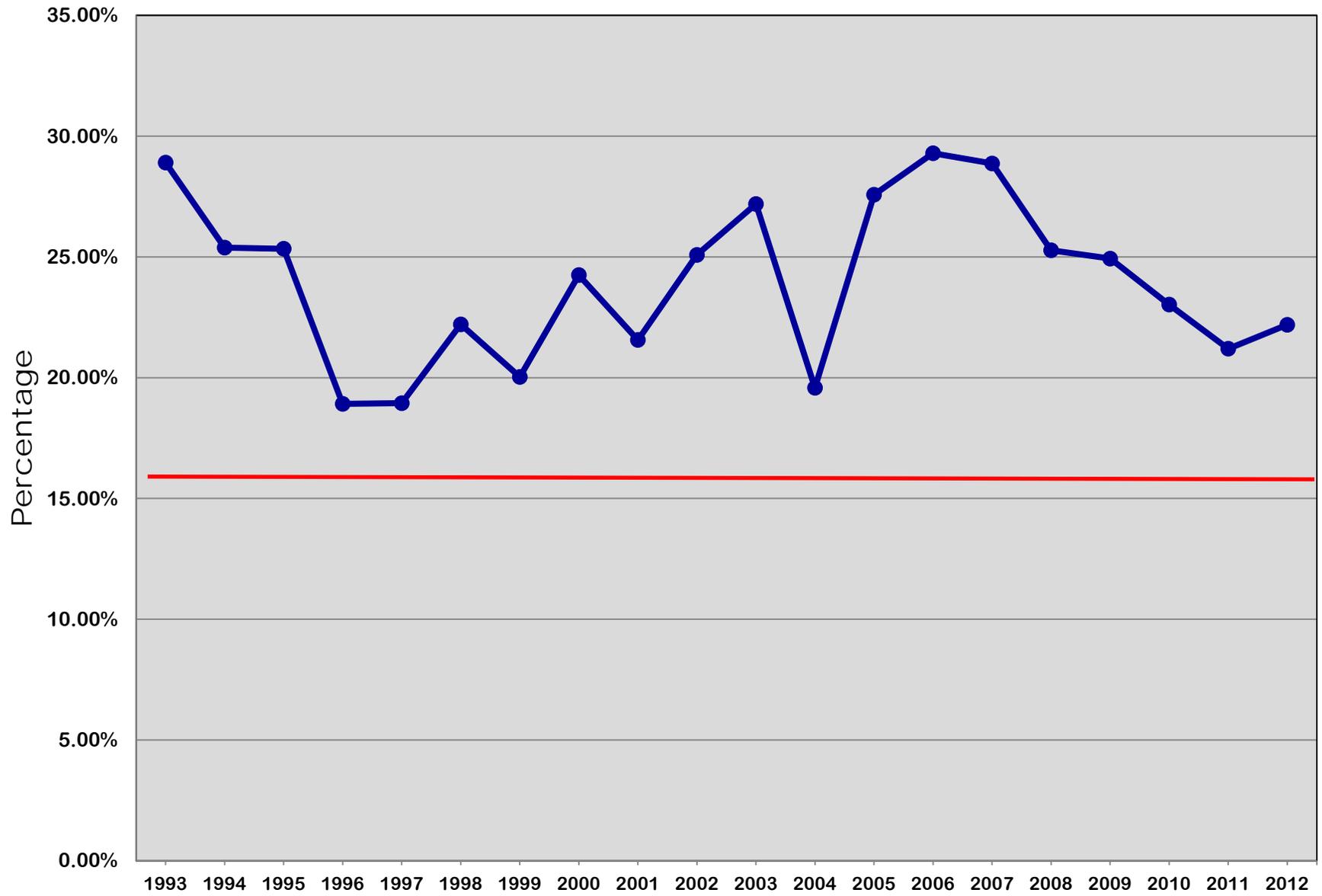
Warning Trend: Increase in general fund operating deficit or surplus as a percentage of net operating revenues.

Whitewater Analysis: This is a positive financial trend for the City.

Whitewater has not had an operating deficit in the last 20 years, and continues to generate more money than what is being spent. In 2001 the operating surplus peaked at 26% and since then it has continued to decrease. In 2012 the surplus was at 2.2%.

Every year is a constant struggle to ensure revenues exceed expenditures, and with future budget cuts to local governments throughout Wisconsin it's important to be conscientious of the city's intakes and outakes.

Fund Balance



Fund Balances

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Unreserved fund balances	\$1,491,029	\$1,403,885	\$1,490,205	\$1,207,772	\$1,319,570	\$1,627,857	\$1,521,145	\$1,813,656	\$1,787,953	\$2,113,080
2	Net operating revenues	\$5,158,815	\$5,530,804	\$5,881,555	\$6,385,340	\$6,965,926	\$7,330,827	\$7,594,450	\$7,479,764	\$8,292,271	\$8,425,089
3	Unreserved fund balances as a percentage of net operating revenues	28.90%	25.38%	25.34%	18.91%	18.94%	22.21%	20.03%	24.25%	21.56%	25.08%

Fund Balances

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Unreserved fund balances	\$2,257,910	\$1,598,273	\$2,284,886	\$2,401,276	\$2,390,206	\$2,127,665	\$2,031,393	\$1,910,164	\$1,796,909	\$1,803,567
2	Net operating revenues	\$8,304,703	\$8,162,831	\$8,286,581	\$8,198,458	\$8,280,534	\$8,418,812	\$8,149,533	\$8,295,780	\$8,476,275	\$8,128,578
3	Unreserved fund balances as a percentage of net operating revenues	27.19%	19.58%	27.57%	29.29%	28.87%	25.27%	24.93%	23.03%	21.20%	22.19%

Fund Balances

Formula:
$$\frac{\text{Unreserved fund balances}}{\text{Net operating revenues}}$$

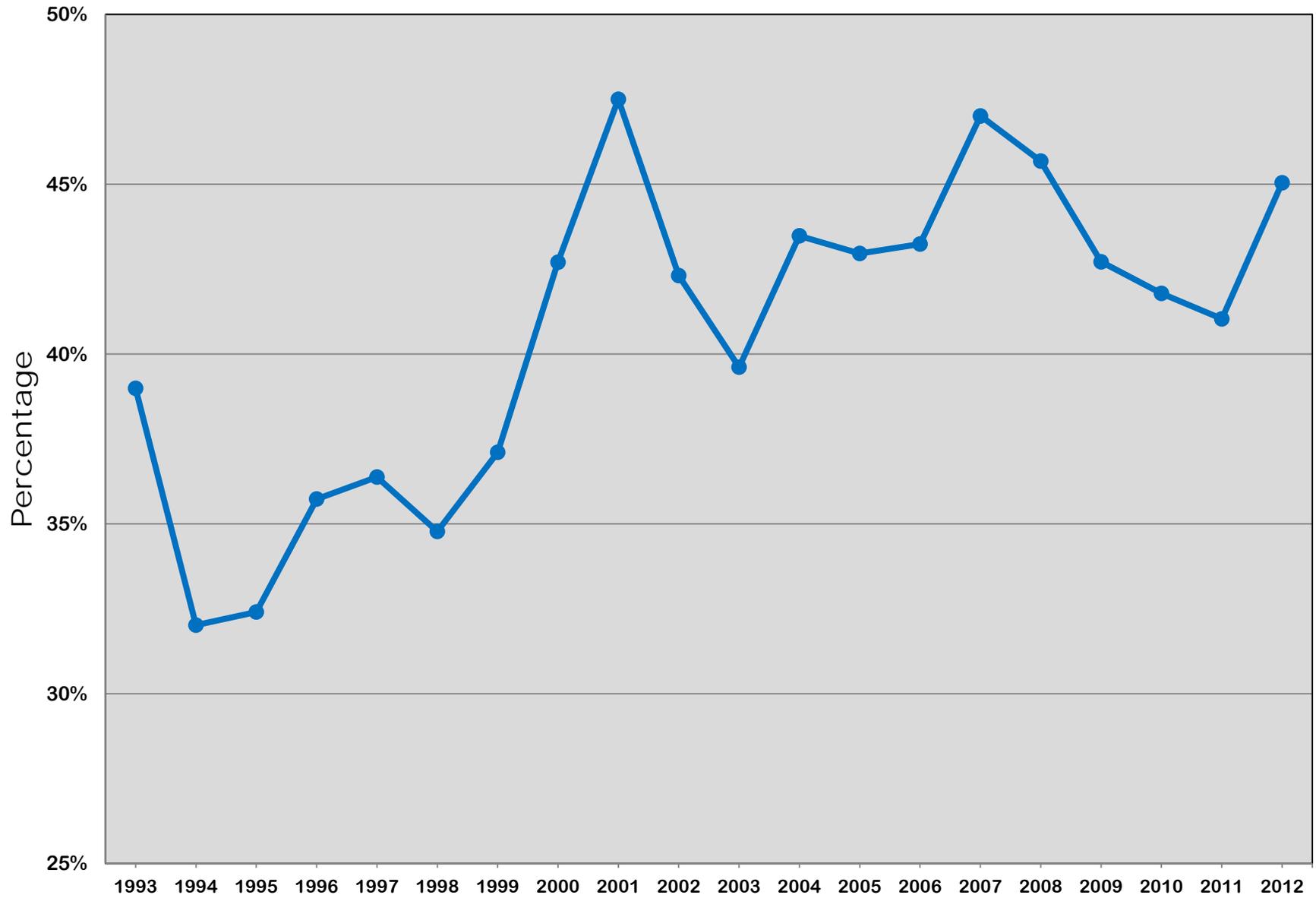
Description: The size of a local government's fund balances can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow. Positive fund balances can also be thought of as reserves. An unplanned decline in fund balances may mean that the government will be unable to meet a future need.

Warning Trend: Declining unreserved fund balances as a percentage of net operating revenues.

Whitewater Analysis: While declining unreserved or undesignated fund balances as a percentage of net operating revenues is regarded as a warning trend, the City of Whitewater is regarded as being in good financial shape here because over the last 20 years it has maintained this percentage between 20% and 30% .

As stated in the previous indicator analysis, the City has a policy to maintain a minimum of 20% of the annual operating budget in operating reserves (unassigned fund balance). Historically, the City has been conservative in its annual budget revenue projections and has budgeted funds that go unspent, thus providing an annual increase in its operating reserves. This conservative approach to annual budget-making should be maintained as well as rigid adherence to the 20% policy noted above.

Current Liabilities



Current Liabilities

Fiscal Year Data

		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Current liabilities	\$2,011,616	\$1,771,091	\$1,906,183	\$2,281,812	\$2,534,374	\$2,549,718	\$2,818,376	\$3,194,356	\$3,939,155	\$3,564,981
2	Net operating revenues	\$5,158,815	\$5,530,804	\$5,881,555	\$6,385,340	\$6,965,926	\$7,330,827	\$7,594,450	\$7,479,764	\$8,292,271	\$8,425,089
3	Current liabilities as a percentage of net operating revenues	39%	32%	32%	36%	36%	35%	37%	43%	48%	42%

Current Liabilities

Fiscal Year Data

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Current liabilities	\$3,290,093	\$3,549,486	\$3,560,272	\$3,545,195	\$3,892,853	\$3,846,062	\$3,481,293	\$3,466,754	\$3,483,873	\$3,661,545
2	Net operating revenues	\$8,304,703	\$8,162,831	\$8,286,581	\$8,198,458	\$8,280,534	\$8,418,812	\$8,149,533	\$8,295,780	\$8,489,461	\$8,128,578
3	Current liabilities as a percentage of net operating revenues	40%	43%	43%	43%	47%	46%	43%	42%	41%	45%

Current Liabilities

Formula:
$$\frac{\text{Current liabilities}}{\text{Net operating revenues}}$$

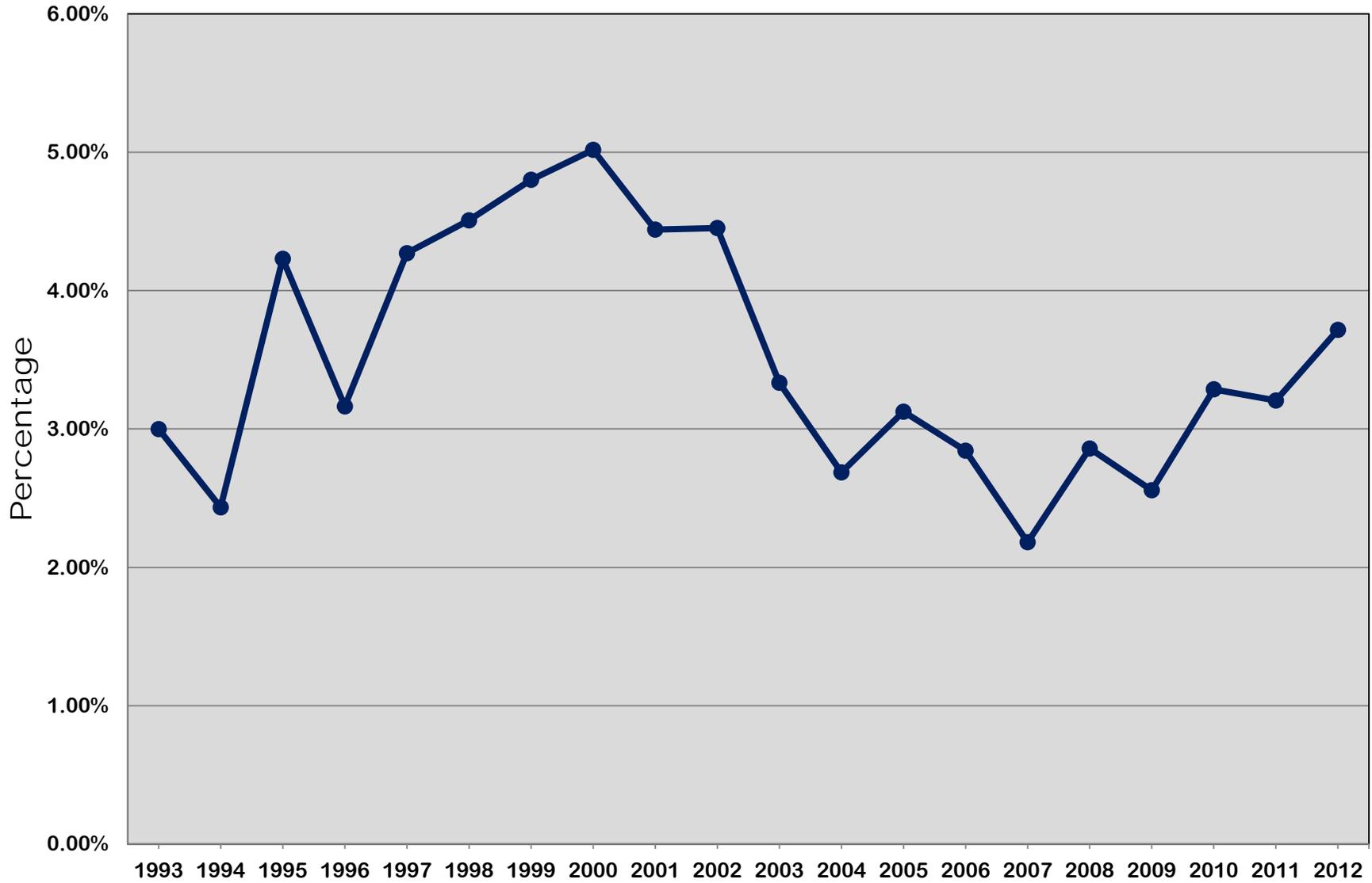
Description: Current liabilities are defined as the sum of all liabilities due at the end of the fiscal year, including short-term debt, current portion of long-term debt, all accounts payable, accrued liabilities, and other current liabilities. Short-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of short-term debt outstanding at the end of successive years can indicate liquidity problems, deficit spending, or both.

Warning Trend: Increasing current liabilities at the end of the year as a percentage of net operating revenues.

Whitewater Analysis: The municipal credit industry considers the following situations negative factors: 1) short-term debt outstanding at the end of each fiscal year should not exceed 5 percent of operating revenues, and 2) a two-year trend of increasing short-term debt outstanding at the end of the fiscal year. The City has not violated either of these factors.

The City of Whitewater has avoided both of these negative factors and has continued to see a steady decline in its current liabilities as a percentage of net operating revenues by the end of each fiscal year. The City went from a high of 48% (2001) to 45% (2012). The City has continued to conscientiously manage its finances so that short-term debt is not used for cash shortfalls as well as not postponing accounts payable to cope with revenue shortfalls or over expenditures.

Net Direct Bonded Long-Term Debt as a Percentage of Assessed Value



Net Direct Bonded Long-Term Debt as a Percentage of Assessed Valuation

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Assessed valuation	\$161,623,700	\$197,772,500	\$201,668,300	\$246,044,100	\$272,846,900	\$305,564,616	\$328,337,800	\$344,801,700	\$377,658,825	\$401,156,875
2	Population	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,608	13,693
3	Personal income	\$1,553,581	\$1,685,886	\$1,790,764	\$1,897,835	\$2,026,537	\$2,026,537	\$2,206,355	\$2,315,525	\$2,522,363	\$2,546,417
4	Net direct bonded long-term debt	\$4,847,263	\$4,812,776	\$8,530,633	\$7,783,202	\$11,652,588	\$13,774,842	\$15,765,074	\$17,302,379	\$16,773,374	\$17,862,096
5	Net direct bonded long-term debt as a percentage of assessed valuation	3.00%	2.43%	4.23%	3.16%	4.27%	4.51%	4.80%	5.02%	4.44%	4.45%
6	Net direct bonded long-term debt as an amount per resident	\$373.50	\$369.56	\$647.09	\$587.23	\$871.29	\$1,033.37	\$1,167.61	\$1,287.67	\$1,232.61	\$1,304.47

Net Direct Bonded Long-Term Debt as a Percentage of Assessed Valuation

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Assessed valuation	\$433,206,500	\$476,636,950	\$496,551,900	\$542,527,200	\$633,007,350	\$629,359,650	\$632,714,700	\$620,952,000	\$616,934,900	\$610,759,500
2	Population	13,887	13,996	13,938	13,947	13,967	14,110	14,299	14,454	14,622	14,757
3	Personal income	\$2,689,137	\$2,853,355	\$2,941,270	\$3,029,508	\$3,344,541	\$3,414,027	\$3,333,254	\$3,446,585	\$3,435,697	\$3,585,050
4	Net direct bonded long-term debt	\$14,444,133	\$12,803,501	\$15,517,051	\$15,424,074	\$13,808,499	\$17,990,890	\$16,179,954	\$20,410,000	\$19,777,000	\$22,700,000
5	Net direct bonded long-term debt as a percentage of assessed valuation	3.33%	2.69%	3.12%	2.84%	2.18%	2.86%	2.56%	3.29%	3.21%	3.72%
6	Net direct bonded long-term debt as an amount per resident	\$1,040.12	\$914.80	\$1,113.29	\$1,105.91	\$988.65	\$1,275.05	\$1,131.54	\$1,412.07	\$1,352.55	\$1,538.25

Long Term Debt

Formula:
$$\frac{\text{Net Direct Bonded Long-Term Debt}}{\text{Assessed Valuation}}$$

Description: "Direct debt" is bonded debt for which the local government has pledged its full faith and credit. It does not include the debt of overlapping jurisdictions, such as school districts and county governments.

"Self-supporting debt" is bonded debt that the local government has pledged to repay from a source separate from its general tax revenues. Examples would be a water bond that is repaid from the income of the water utility or bonds issued for tax incremental finance districts that will be repaid from the "incremental" increase in the tax base located within the district.

"Net direct debt" is direct debt minus self-supporting debt. An increase in net direct bonded long-term debt as a percentage of assessed valuation (or the city could use population and/or personal income) as the denominator can mean that the government's ability to repay its debt is diminishing-assuming that the city depends on the property tax to pay its debts.

Warning Trend: Increasing net direct bonded long-term debt as a percentage of assessed valuation.

Whitewater Analysis: The City of Whitewater has seen a decrease in its long-term debt as a percentage of its assessed valuation. This percentage reached a peak of 5.02% in 2000 and was reduced to 3.72% in 2012.

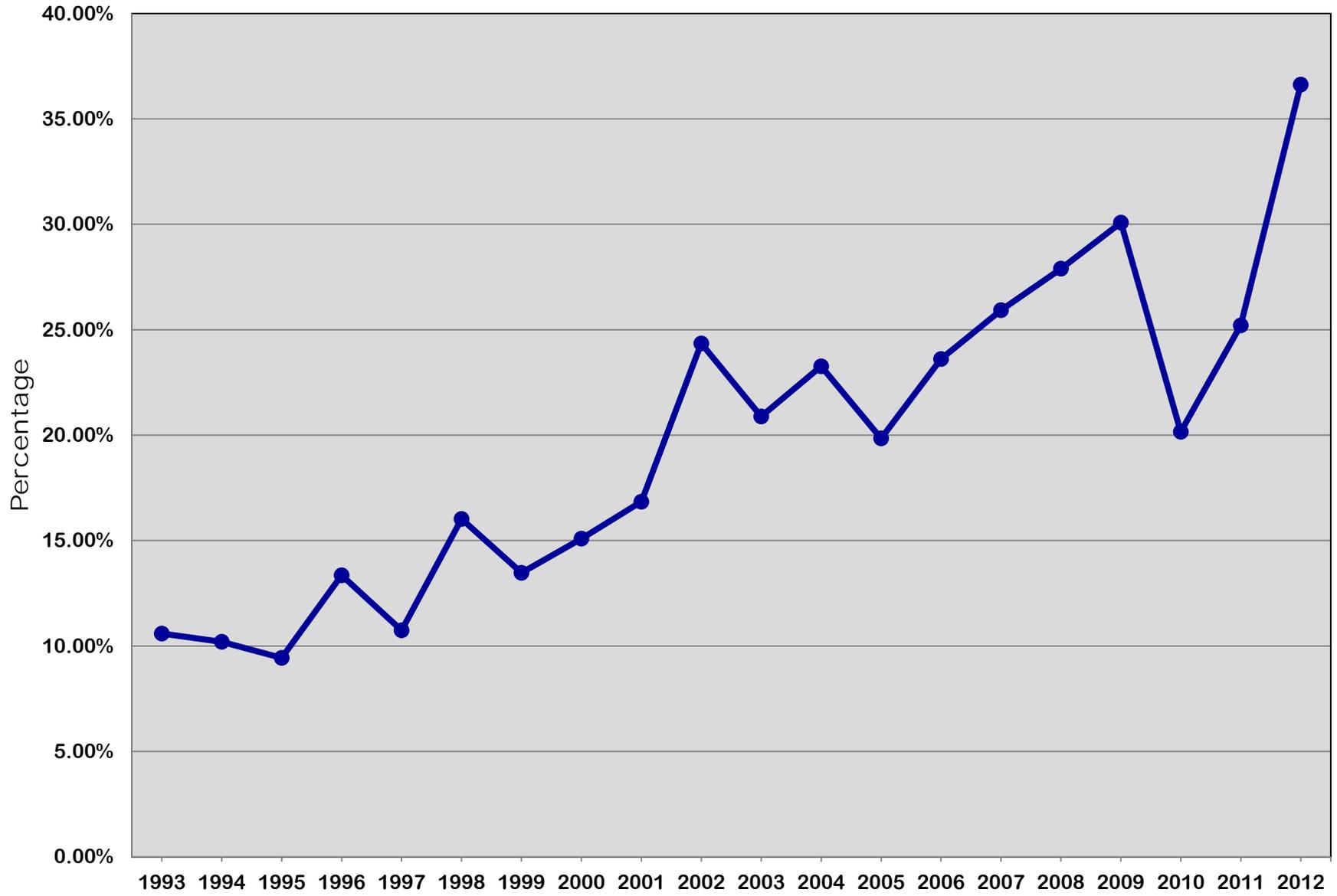
There are two primary reasons for this positive financial trend: 1) the use of annual shared utility revenue as the primary source of the City's Capital Improvements Program (CIP), and 2) the average annual high single-digit increase in the city's assessed valuation over the last ten years. Also, the City has been using tax incremental financing very efficiently to fund some capital improvements that normally would be borrowed for such projects as the Starin Road extension and University Technology Park infrastructure.

Credit industry benchmarks for assessing long-term debt often include the net direct bonded debt of the City, as well as the bonded debt of the Whitewater Unified School District, Gateway and Madison Area Technical Colleges, Walworth County and Jefferson County. As stated above, net direct bonded debt plus overlapping bonded debt is referred to as overall net debt. Warning signals for overall net debt are as follows:

- Overall net debt exceeding 10 percent of assessed valuation
- An increase of 20 percent over the previous year in overall net debt as a percentage of market valuation
- Overall net debt as a percentage of market valuation increasing 50 percent over the figure for four years earlier
- Overall net debt per capita exceeding 15 percent of per capita net income
- Net direct debt exceeding 90 percent of the amount authorized by law

Although the City did see a slight increase from 3.21% (2011) to 3.72% (2012) it is well below each of these credit standards.

Net Direct Debt Service



Net Direct Debt Service

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Net direct debt service	\$546,360	\$564,238	\$555,112	\$852,779	\$748,483	\$1,174,854	\$1,023,071	\$1,128,894	\$1,396,675	\$2,051,427
2	Net operating revenues	\$5,158,815	\$5,530,804	\$5,881,555	\$6,385,340	\$6,965,926	\$7,330,827	\$7,594,450	\$7,479,764	\$8,292,271	\$8,425,089
3	Net direct debt service as a percentage of net operating	10.59%	10.20%	9.44%	13.36%	10.74%	16.03%	13.47%	15.09%	16.84%	24.35%

Net Direct Debt Service

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Net direct debt service	\$1,734,562	\$1,899,021	\$1,644,734	\$1,935,771	\$2,146,990	\$2,347,476	\$2,451,288	\$1,672,437	\$2,139,863	\$2,976,904
2	Net operating revenues	\$8,304,703	\$8,162,831	\$8,286,581	\$8,198,458	\$8,280,534	\$8,414,812	\$8,149,533	\$8,295,780	\$8,489,461	\$8,128,578
3	Net direct debt service as a percentage of net operating	20.89%	23.26%	19.85%	23.61%	25.93%	27.90%	30.08%	20.16%	25.21%	36.62%

Net Direct Debt Service

Formula:
$$\frac{\text{Net Direct Debt Service}}{\text{Net Operating Revenues}}$$

Description: Debt service is defined here as the amount of principal and interest that a local government must pay each year on net direct bonded long-term debt plus the interest it must pay on direct short-term debt. Increasing debt service reduces expenditure flexibility by adding to the government's obligations. Debt service can be a major part of a city's fixed costs, and its increase may indicate excessive debt and fiscal strain.

Warning Trend: Increasing net direct debt service as a percentage of net operating revenues.

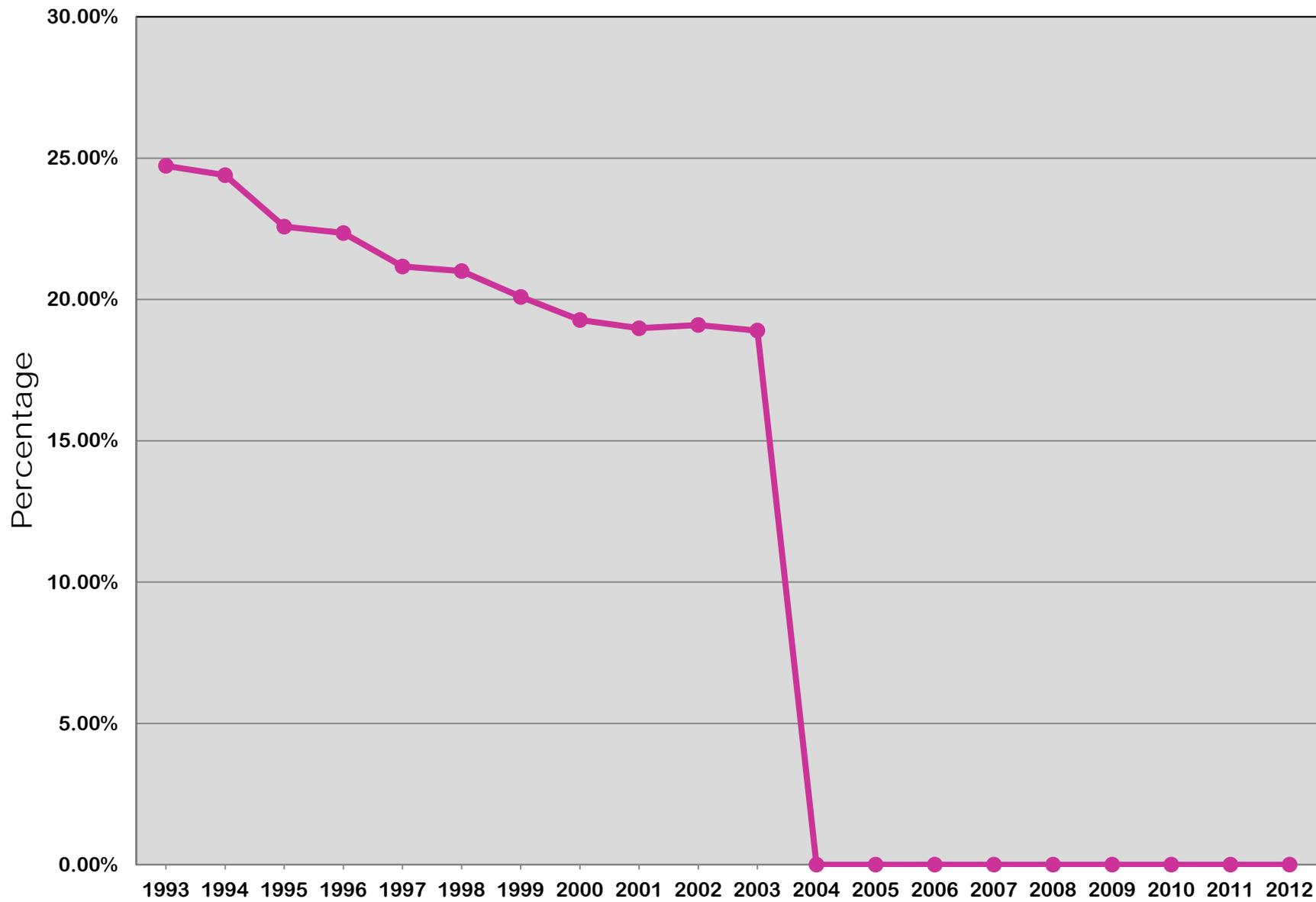
Whitewater Analysis: According to credit industry standards, debt service on net direct debt exceeding 20 percent of operating revenues is considered a potential problem. Ten percent is considered acceptable.

In analyzing this trend, the City in 2006 had a percentage of 24.35% which is considerably above the credit industry standard. However, because the City has issued \$ 3,618,622 in new debt for TID#4 in 2005, \$500,000 in 2006, and \$5,600,000 in 2008, this percentage will be increasing. The general fund has only a small portion of the total debt service outstanding for the City. 85% of the net direct debt service is due to borrowings for TID #4. The balance of 15% is supported by the shared revenue utility payment from the power plant.

It should be noted here that the City issued \$5.4 million in new general obligation debt in April 2012 to finance 2012 and 2013 capital improvement projects with annual total debt service capped by Common Council policy at \$550,000. This means that net direct debt service will continue this upward trend in the future. The City had a percentage of 36.62% in 2012. While this trend is not desirable, it will likely not be mitigated because of the gradual reduction in shared revenue from the the Cogentrix Power Plant. This revenue source to the City will decrease annually until the guaranteed minimal property value of this utility facility is reached (annual revenues are based on the total depreciated value of the plant).

Financial policy statements should be developed by the City that would indicate desirable levels of debt service as well as procedures for analyzing future debt service. Suggested policies are that 1) total debt service for general obligation debt will not exceed 10 percent of annual operating revenues and 2) before bonded long-term debt is issued, the impact of debt service on total annual fixed costs will be analyzed.

Pension Obligation



Pension Obligation as Percentage of Salaries and Wages

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Unfunded actuarial accrued liability	\$656,279	\$674,909	\$662,896	\$679,866	\$695,521	\$710,489	\$725,436	\$739,169	\$752,614	\$762,316
2	Salaries and wages	\$2,653,833	\$2,766,328	\$2,936,266	\$3,042,086	\$3,286,222	\$3,382,730	\$3,611,398	\$3,835,515	\$3,965,356	\$3,991,957
3	Unfunded actuarial accrued liability as a percentage of salaries and wages	24.73%	24.40%	22.58%	22.35%	21.16%	21.00%	20.09%	19.27%	18.98%	19.10%

Pension Obligation as Percentage of Salaries and Wages

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Unfunded actuarial accrued liability	\$773,559	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Salaries and wages	\$4,092,876	\$4,177,560	\$4,308,997	\$4,473,391	\$4,589,258	\$4,947,970	\$4,994,502	\$5,147,815	\$5,258,567	\$4,961,113
3	Unfunded actuarial accrued liability as a percentage of salaries and wages	18.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Pension Obligations

Formula:
$$\frac{\text{Pension Obligations}}{\text{Salaries and Wages}}$$

Description: Pension plans can represent a significant expenditure obligation for local governments. Generally accepted accounting principles (GAAP) require that the cost of defined pension plans be accrued as an expense by employers in their financial statements as benefits are earned by employees, regardless of whether the employer actually funds these amounts.

Warning Trend: Increasing pension obligations as a percentage of salaries and wages.

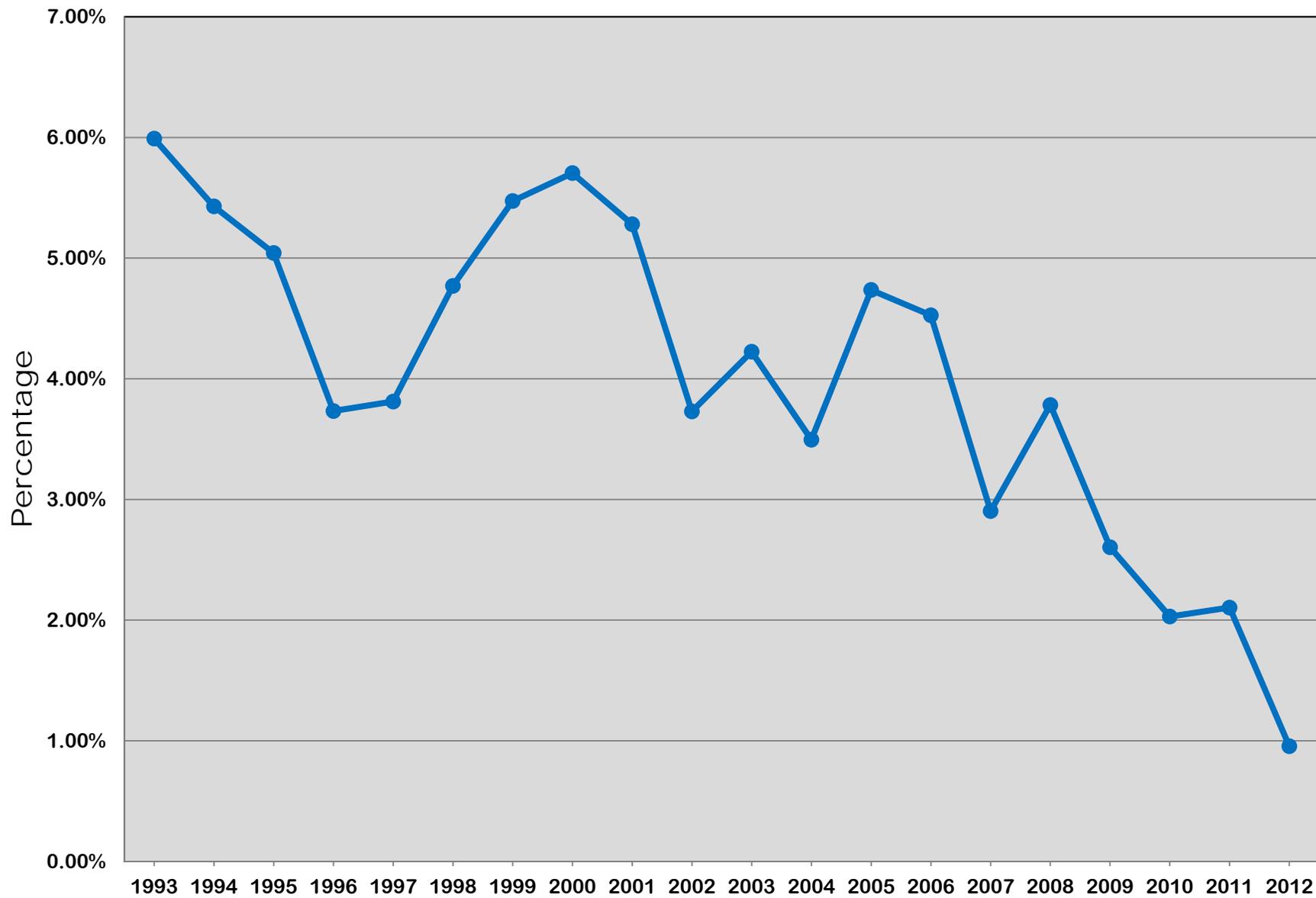
Whitewater Analysis: In a review by members of the Government Finance Officers Association, this indicator was judged important for local governments that manage their own pension funds but less important for those local governments that are part of a state-wide pension program. Whitewater is part of the State of Wisconsin Retirement System so pension fund management is not a function of the City.

The City paid off its unfunded pension liability to the State in 2004 which has reduced its annual retirement payments into the State Retirement Fund by approximately \$65,000. This was a prudent financial decision by the City as the City no longer has any accrued pension liability.

The unfunded pension liability to the State of Wisconsin was retired through an internal advance with the sewer equipment replacement fund. The advance was retired in 2010.

This financial trend variable will not be included in future reports since it is no longer applicable to the city's financial condition.

Capital Outlay



Capital Outlay

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Capital outlay	\$303,749	\$259,551	\$258,104	\$195,274	\$211,606	\$284,433	\$327,371	\$334,813	\$325,931	\$247,693
2	Net operating expenditures	\$5,070,190	\$4,780,702	\$5,117,956	\$5,231,425	\$5,552,387	\$5,963,025	\$5,980,834	\$5,868,398	\$6,171,516	\$6,641,401
3	Capital outlay as a percentage of net operating expenditures	5.99%	5.43%	5.04%	3.73%	3.81%	4.77%	5.47%	5.71%	5.28%	3.73%

Capital Outlay

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Capital outlay	\$291,132	\$240,185	\$342,442	\$357,710	\$215,252	\$302,318	\$203,291	\$160,919	\$184,646	\$81,050
2	Net operating expenditures	\$6,891,299	\$6,872,127	\$7,229,437	\$7,902,652	\$7,412,705	\$7,991,981	\$7,807,626	\$7,927,925	\$8,777,011	\$8,486,263
3	Capital outlay as a percentage of net operating expenditures	4.22%	3.50%	4.74%	4.53%	2.90%	3.78%	2.60%	2.03%	2.10%	0.96%

Capital Outlay

Formula:
$$\frac{\text{Capital Outlay from Operating Funds}}{\text{Net Operating Expenditures}}$$

Description: Expenditures for operating equipment—such as police squad cars and computer equipment—drawn from the operating budget are usually referred to as “capital outlay”. Capital outlay items normally include equipment that will last longer than one year and that have an initial cost above a significant initial amount, such as one thousand dollars. Capital outlay does not include capital budget expenditures for construction of infrastructure improvements such as streets, buildings or bridges.

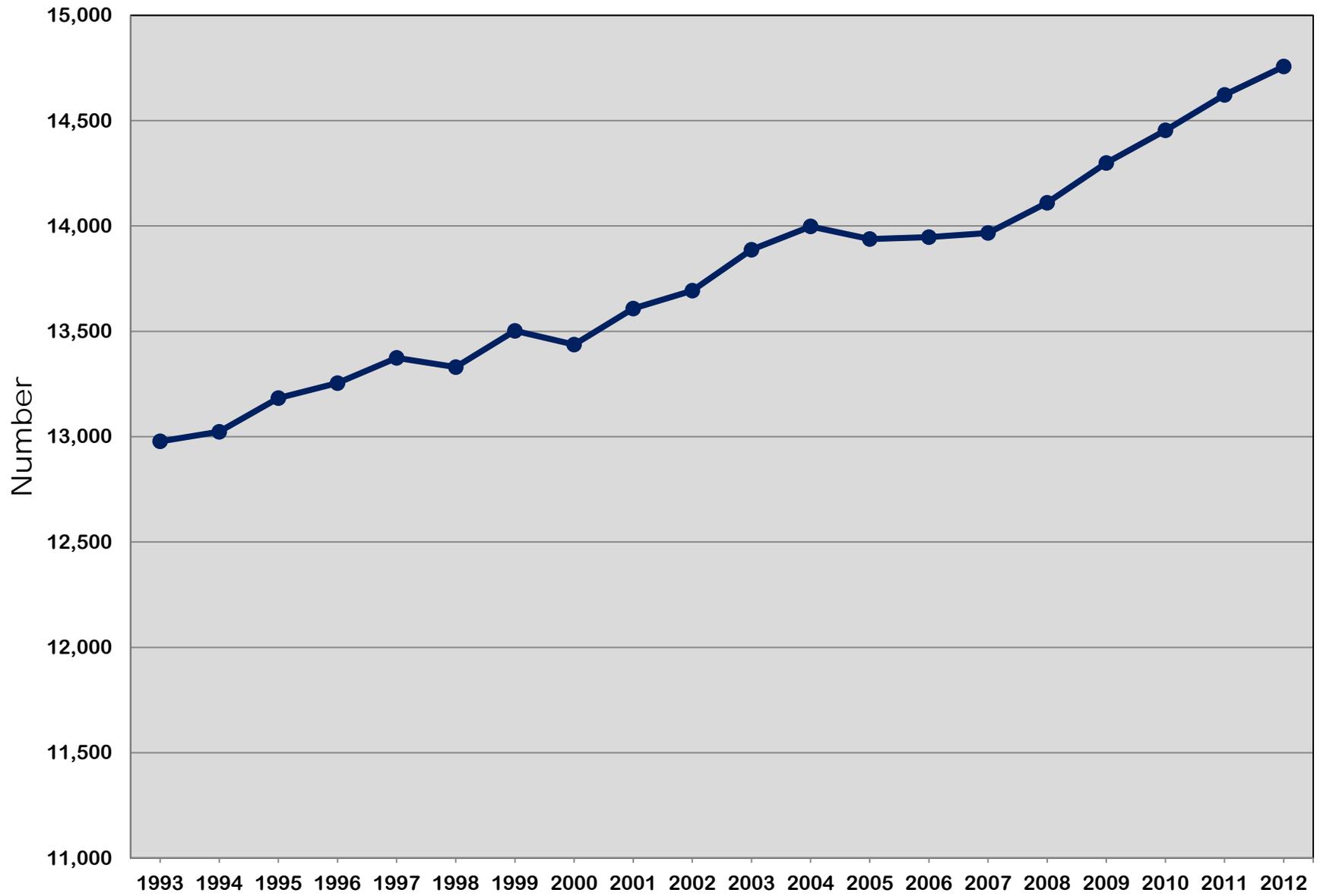
The purpose of capital outlay in the operating budget is to replace worn equipment or to add new equipment. The ratio of capital outlay to net operating expenditures is a rough indicator of whether the stock of equipment is being adequately replaced. Over a number of years, the relationship between capital outlay and operating expenditures should remain about the same. If this ratio declines in the short run (one to three years), it may mean that the City’s needs are temporarily satisfied, since most equipment lasts more than a year. A decline persisting over three or more years can indicate that capital outlay needs are being deferred, which can result in the use of inefficient or obsolete equipment.

Warning Trend: A three or more year decline in capital outlay from operating funds as a percentage of net operating expenditures.

Whitewater Analysis: The City of Whitewater has been very diligent in establishing vehicle and equipment replacement funds to replace and update its worn or obsolete equipment. As such, in recent years it has budgeted to place sufficient dollars in these funds for capital replacement based upon life-cycle cost considerations and depreciation schedules. This has evened out the annual appropriations needed to pay for these items, thus avoiding large budgetary variations that can occur when large or expensive vehicles or equipment (i.e. fire aerial trucks, sewer jet rodders, street sweepers, etc.).

Over a number of years, the relationship between capital outlay (not including capital budget expenditures for construction of infrastructure such as streets, buildings or bridges) and operating expenditures should remain about the same. This has been the case in Whitewater the last decade or so and this is a healthy trend as long as adequate funds are allocated to the vehicle and equipment funds on an annual basis.

Population



Population

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Population	12,978	13,023	13,183	13,254	13,374	13,330	13,502	13,437	13,608	13,693

Population

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Population	13,887	13,998	13,938	13,947	13,967	14,110	14,299	14,454	14,622	14,757

Population

Formula: Population

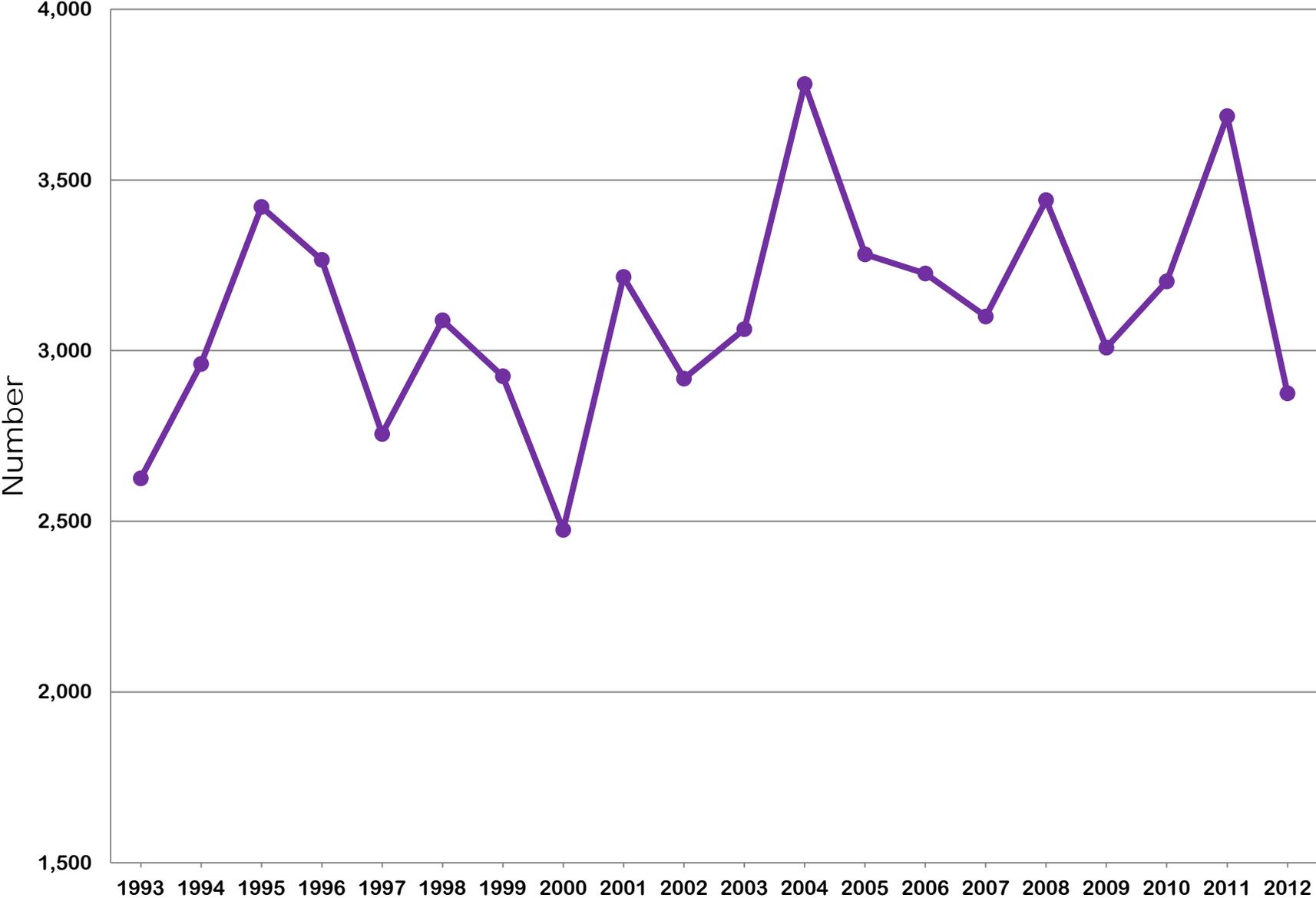
Description: The exact relationship between population change and other economic and demographic factors is uncertain. Population change can, however, directly affect governmental revenues: for example, some taxes are collected on a per capita basis, and many intergovernmental revenues and grants are distributed according to population. A sudden increase in population can create immediate pressures for new capital outlay and higher levels of service. In the case of annexations, where the capital infrastructure is already in place, there may still be a need to expand operating programs.

Warning Trend: Rapid change in population.

Whitewater Analysis: The City of Whitewater has steadily increased over the last 20 years. Since 1993, the city population has grown by 1,779 people. The City population has seen an increase of over 650 residents in the last five years period-part of this increase can certainly be attributed to the growing enrollment at UW-Whitewater.

This gradual increase in population is a positive trend for our city, and in recent years our UW comparable cities have experienced similar growth.

Arrests By Year



Arrests By Year

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Crime rate	2,626	2,961	3,421	3,266	2,756	3,089	2,925	2,475	3,216	2,918

Arrests By Year

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Crime rate	3,063	3,781	3,282	3,226	3,100	3,441	3,009	3,203	3,687	2,875

Crime Rate

Formula: Crime Rate

Description: Crime rate captures a negative aspect of a community that can affect its present and future economic development potential. Crime statistics address incidents of violent crime and property thefts such as burglaries, robberies, aggravated battery, sexual assaults and homicides.

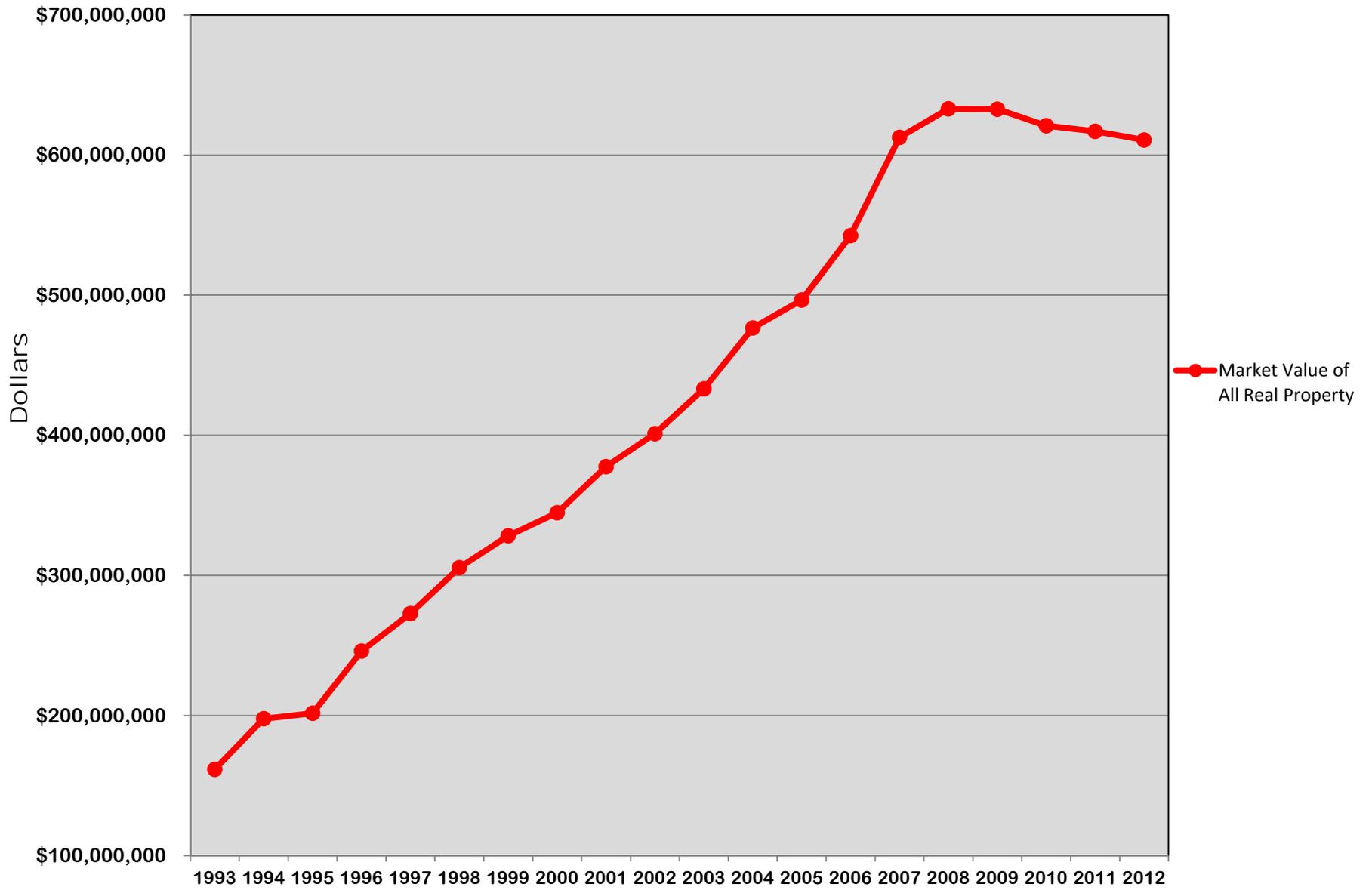
Warning Trend: Increasing crime rate.

Whitewater Analysis: Whitewater has seen a steady decrease in its crime rate over the last 20 years. The City's 2012 total arrests were 2,875. This is the lowest the crime rate has been since 1997 when there were a total of 2,756 arrests. This number reflects both juvenile & adults. Juveniles make up 8% of the total arrests in 2012. In addition to violent crimes, arrest data captures citations for ordinance violations such as disorderly conduct and underage alcohol violations as well as traffic enforcement violations. The crime rate and arrest statistics also measure the demand on public services in the form of public safety expenditures. Information on the crime rate and arrests statistics is attainable from the local police department through their annual report.

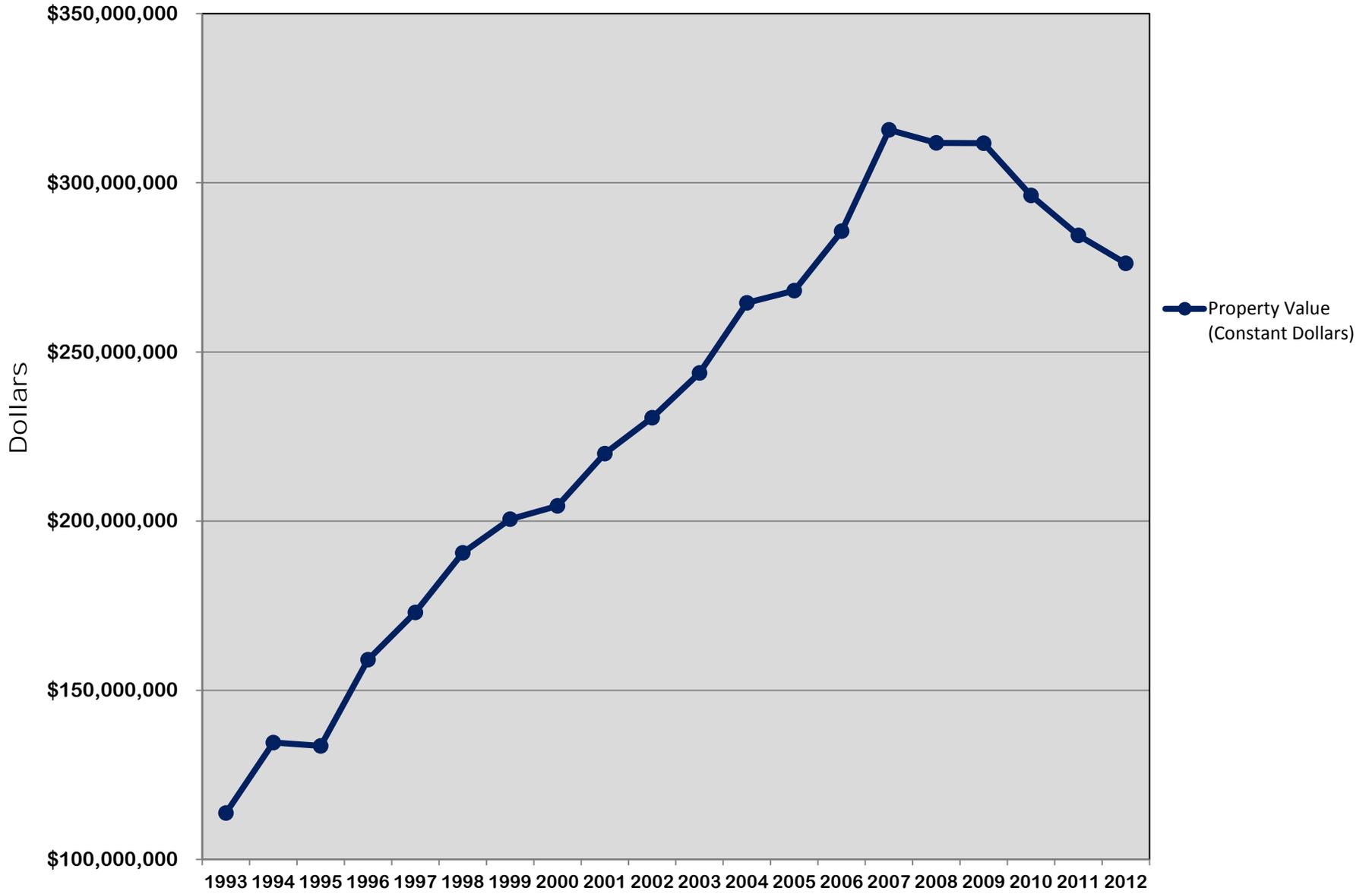
Although the total arrests were down in the City for 2012, the police department responded to one of the most violent domestic incidents in the history of the City. It alone generated 15 felony charges which included two attempted homicide charges.

In 2012 crime prevention remained a focal point for the department as a whole. Each shift actively identified and implemented a crime prevention goal. Three particularly noteworthy goals were the training of tavern doormen (bouncers), distribution of security surveys to businesses in the industrial park, and enhanced drug enforcement initiatives. With these goals in place the city saw a 49% decrease in Liquor Law violations, a 4% decrease in theft and an 89% increase arrests involving possession/sale/manufacturing of a controlled substance since 2011.

Market Value of All Real Property



Property Value (Constant Dollars)



Increase in Property Value

Fiscal Year Data

Line	Description	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Market Value of property (residential, commercial, industrial)	\$161,623,700	\$197,772,500	\$201,668,300	\$246,044,100	\$272,846,900	\$305,564,616	\$328,337,800	\$344,801,700	\$377,658,825	\$401,156,875
2	Consumer price index (CPI) for the municipality's area	142.1	147	151	154.7	157.7	160.3	163.7	168.6	171.7	174
3	CPI in decimal	1.421	1.47	1.51	1.547	1.577	1.603	1.637	1.686	1.717	1.74
4	Property value (constant dollars)	\$113,739,409	\$134,539,116	\$133,555,166	\$159,045,960	\$173,016,424	\$190,620,472	\$200,572,877	\$204,508,719	\$219,952,723	\$230,549,928
5	Change in property value	(\$637,097)	\$36,148,800	\$3,895,800	\$44,375,800	\$26,802,800	\$32,717,716	\$22,773,184	\$16,463,900	\$32,857,125	\$23,498,050
6	Percentage change in property value	-0.56%	31.78%	2.90%	33.23%	16.85%	18.91%	11.95%	8.21%	16.07%	10.68%

Increase in Property Value

Fiscal Year Data

Line	Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Market Value of property (residential, commercial, industrial)	\$433,206,500	\$476,636,950	\$496,551,900	\$542,527,200	\$612,646,550	\$633,007,350	\$632,714,700	\$620,952,000	\$616,934,900	\$610,759,500
2	Consumer price index (CPI) for the municipality's area	177.7	180.2	185.2	189.9	194.102	203.029	203	209.6	216.9	221.14
3	CPI in decimal	1.777	1.802	1.852	1.899	1.94102	2.03029	2.03	2.096	2.169	2.2114
4	Property value (constant dollars)	\$243,785,312	\$264,504,412	\$268,116,577	\$285,690,995	\$315,631,240	\$311,781,741	\$311,682,118	\$296,255,725	\$284,432,872	\$276,186,805
5	Change in property value	\$433,206,500	\$43,430,450	\$19,914,950	\$45,975,300	\$70,119,350	\$20,360,800	(\$292,650)	(\$11,762,700)	(\$4,017,100)	(\$6,175,400)
6	Percentage change in property value	#DIV/0!	17.82%	7.53%	17.15%	24.54%	6.45%	-0.09%	-3.77%	-1.36%	-2.17%

Property Value

Formula:
$$\frac{\text{Change in property value (constant dollars)}}{\text{Property value in prior year (constant dollars)}}$$

Description: Changes in property value are important because most local governments depend on the property tax for a substantial portion of their revenues. Especially in a community with a stable or fixed tax rate, the higher the aggregate property value, the higher the revenues. Communities experiencing population and economic growth are likely to experience short-run, per unit increases in property value. This is because in the short run, the housing supply is fixed and the increase in demand created by growth will force prices up. Declining areas are more likely to see a decrease in the market value of properties.

The effect of declining property value on governmental revenues depends on the government's reliance on property taxes. The extent to which the decline will ripple through the community's economy, affecting other revenues such as those from sales tax, is more difficult to determine. All of the economic and demographic factors are closely related. A decline in property value will most probably not be a cause but a symptom of other, underlying problems.

Warning Trend: Declining growth or drop in the market value of residential, commercial, or industrial property (constant dollars).

Whitewater Analysis: Whitewater's property values (in constant dollars) have been decreasing since 2008. The City has experienced 4 consecutive years of decreased property values (constant dollars) with 2012 at -2.17%.

The Wisconsin Realtors Association reported that the median home sale prices had been on a decline since 2008 as well; however both the southeast region of Wisconsin and the state in general saw an increase in median home sale prices in 2012.

Southeast Region 2009: -10%	State 2009: -8%
Southeast Region 2010: -2%	State 2010: -2%
Southeast Region 2011: -13%	State 2011: -6%
Southeast Region 2012: 4%	State 2012: 1%

The number of home sales in Jefferson & Walworth counties have continued to increase over the last 4 years and all indications show that values should continue to increase as well.

Sources: https://www.wra.org/Resources/Property/Wisconsin_Housing_Statistics/