



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

CITY OF WHITEWATER

**AUDITED FINANCIAL
STATEMENTS**

For the Year Ended December 31, 2012

Quality service through our commitment to clients and staff.

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City of Whitewater

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

April 18, 2013

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, 2012, 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, 2012, 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.

New Accounting Policy

As discussed in Note 1 to the financial statements, in 2012, the City of Whitewater adopted new accounting guidance. Our opinion is not modified with respect to this matter.

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 2012**



CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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, 2012. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained here will focus primarily on the governmental operations of the city.

FINANCIAL HIGHLIGHTS

The City's total net position increased \$1,518,887, or 3.0% from the prior year. The increase is after a restatement of net position due to implementing new accounting standards which require expensing debt issuance costs. Previously these expenses were deferred and amortized. The net position for governmental activities increased \$1,237,845 while the net position of the business-type activities increased by \$281,042. The Community Development Authority-CDA-a component unit of the city, net position decreased by \$55,176.

The assets of the City of Whitewater exceeded its liabilities and deferred inflows of resources as of December 31, 2012 by \$52,274,987 (net position). Of this amount, \$4,811,992 (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 \$2,152,785 and \$2,659,207 for governmental and business-type activities, respectively.

As of December 31, 2012, the City of Whitewater's governmental funds reported combined ending fund balances of \$6,692,547, an increase of \$1,854,371 in comparison with the prior year. Approximately 26.9% of this total, or \$1,803,567 (unassigned fund balance), is available for spending at the government's discretion.

The city's water utility had an operating income in 2012 of \$602,717. Unrestricted net position increased by \$648,521. The water utility's total net position increased by \$271,645 to \$10,795,193. The water utility filed a formal rate case application with the Public Service Commission (PSC) on April 29, 2011. The rate application was contested by our largest industrial water customer. The Final Decision on the rate application was approved on November 11, 2011. Water rates were increased as of November 23, 2011. In 2011, the water utility rates were increased by an average of 23%. The approved Rate of Return is 6%. For 2012, the Rate of Return equaled 7.43%. No rate adjustment was made in 2012.

The wastewater utility had an operating income of \$5,236 in 2012. The utility's total net position decreased by \$58,739. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

- 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, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

The largest portion of the City's (governmental and business-type activities) net position (approximately 78.3%) represents its investments in capital assets, less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF WHITEWATER, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2012 and 2011**

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

CITY OF WHITEWATER'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 13,444,537	\$ 11,751,696	\$ 5,989,748	\$ 4,017,244	\$ 19,434,285	\$ 15,768,940
Capital Assets	<u>38,324,698</u>	<u>35,554,292</u>	<u>33,523,350</u>	<u>32,770,757</u>	<u>71,848,048</u>	<u>68,325,049</u>
Total Assets	\$ <u>51,769,235</u>	\$ <u>47,305,988</u>	\$ <u>39,513,098</u>	\$ <u>36,788,001</u>	\$ <u>91,282,333</u>	\$ <u>84,093,989</u>
Non-Current Liabilities	\$ 20,450,112	\$ 17,993,109	\$ 8,373,542	\$ 6,074,147	\$ 28,823,654	\$ 24,067,256
Other Liabilities	<u>4,116,928</u>	<u>3,465,152</u>	<u>1,132,677</u>	<u>928,101</u>	<u>5,249,605</u>	<u>4,393,253</u>
Total Liabilities	\$ <u>24,567,040</u>	\$ <u>21,458,261</u>	\$ <u>9,506,219</u>	\$ <u>7,002,248</u>	\$ <u>34,073,259</u>	\$ <u>28,460,509</u>
Deferred Inflows of Resources	\$ 4,934,087	\$ 4,799,352	\$ -	\$ -	\$ 4,934,087	\$ 4,799,352
Net Position:						
Net Investment in Capital Assets	16,123,059	16,081,040	24,804,472	26,450,685	40,927,531	42,531,725
Restricted	3,992,264	2,397,392	2,543,200	2,221,872	6,535,464	4,619,264
Unrestricted	<u>2,152,785</u>	<u>2,569,943</u>	<u>2,659,207</u>	<u>1,113,196</u>	<u>4,811,992</u>	<u>3,683,139</u>
TOTAL NET POSITION	\$ <u>22,268,108</u>	\$ <u>21,048,375</u>	\$ <u>30,006,879</u>	\$ <u>29,785,753</u>	\$ <u>52,274,987</u>	\$ <u>50,834,128</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION	\$ <u>51,769,235</u>	\$ <u>47,305,988</u>	\$ <u>39,513,098</u>	\$ <u>36,788,001</u>	\$ <u>91,282,333</u>	\$ <u>84,093,989</u>

NET POSITION: The City of Whitewater's combined net position increased 2.83% between fiscal years 2011 and 2012 to \$52,274,987. 57.4% of the 2012 net position are business-type activities of the City Water, Wastewater, and Stormwater Utilities. The governmental activities had an increase in net position-\$1,237,845 for the year, while the business-type activities experienced a slight increase of 281,042.

ASSETS: Governmental Activities: The increase in Current and Other Assets can be attributed to a capital improvement bond issue in May 2012. Approximately, 1.9 million of the borrowing has not been spent. Taxes Receivable increased by \$153,083. Special Assessment Receivable, Accounts Receivables, and Other Receivables decreased by \$16,817. Due from Other Governmental Units declined by \$494,665. The decline is due primarily to the completion of the EDA-Innovation Center grant reimbursement. The remaining balance due on the EDA grant-\$370,498-was collected in January 2013.

LIABILITIES: Governmental Activities: Non-Current Liabilities increased by \$2,457,003. The increase can be attributed to the May 2012 Capital Improvements bond issue of \$5,475,000. Deferred Inflows of Resources increased by \$134,735. Due to Component Unit equals \$750,000 which represents the advance from the CDA-Fd 910 for the building of the Innovation Center. The Innovation Center is an asset of the CDA. The net book value of the Innovation Center as of 12/31/12 was \$5,844,474.

CITY OF WHITEWATER, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2012 and 2011**

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

CITY OF WHITEWATER						
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Combined-Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,211,056	1,396,080	4,516,777	3,941,674	5,727,833	5,337,754
Operating grants and contributions	1,697,215	1,360,519	34,789	63,515	1,732,004	1,424,034
Capital grants and contributions	59,012	1,335,131	31,963	236,683	90,975	1,571,814
General Revenues:						
Property Taxes	4,477,495	4,545,291	-	-	4,477,495	4,545,291
Other Taxes	157,680	103,442	-	-	157,680	103,442
Intergovernmental	3,772,513	3,895,527	-	-	3,772,513	3,895,527
Investment Income	29,592	26,687	8,303	21,634	37,895	48,321
Miscellaneous	492,603	605,849	-	-	492,603	605,849
Total Revenues	\$ <u>11,897,166</u>	\$ <u>13,268,526</u>	\$ <u>4,591,832</u>	\$ <u>4,263,506</u>	\$ <u>16,488,998</u>	\$ <u>17,532,032</u>
Expenses:						
General government	\$ 1,692,300	\$ 1,822,026	\$ -	\$ -	\$ 1,692,300	\$ 1,822,026
Public Safety	4,316,349	4,263,329	-	-	4,316,349	4,263,329
Public Works	2,149,855	2,347,952	-	-	2,149,855	2,347,952
Leisure activities	1,750,098	1,732,743	-	-	1,750,098	1,732,743
Conservation and Development	169,583	126,948	-	-	169,583	126,948
Interest and fiscal charges	708,856	669,766	195,000	167,285	903,856	837,051
Water Utility	-	-	1,282,925	1,415,977	1,282,925	1,415,977
Sewer Utility	-	-	2,290,893	2,262,007	2,290,893	2,262,007
Stormwater Utility	-	-	302,449	306,973	302,449	306,973
Total Expenses	\$ <u>10,787,041</u>	\$ <u>10,962,764</u>	\$ <u>4,071,267</u>	\$ <u>4,152,242</u>	\$ <u>14,858,308</u>	\$ <u>15,115,006</u>
Increases in net position before transfers	\$ 1,110,125	\$ 2,305,762	\$ 520,565	\$ 111,264	\$ 1,630,690	\$ 2,417,026
Transfers	<u>127,720</u>	<u>(507,717)</u>	<u>(239,523)</u>	<u>(275,942)</u>	<u>(111,803)</u>	<u>(783,659)</u>
Increase in net position	\$ <u>1,237,845</u>	\$ <u>1,798,045</u>	\$ <u>281,042</u>	\$ <u>(164,678)</u>	\$ <u>1,518,887</u>	\$ <u>1,633,367</u>
NET Position-January 1-Restated	\$ <u>21,030,263</u>	\$ <u>19,250,330</u>	\$ <u>29,725,837</u>	\$ <u>29,950,431</u>	\$ <u>50,756,100</u>	\$ <u>49,200,761</u>
Change in Net Position due to Restatement	<u>-</u>	<u>(18,112)</u>	<u>-</u>	<u>(59,916)</u>	<u>-</u>	<u>(78,028)</u>
Net Position-December 31	\$ <u>22,268,108</u>	\$ <u>21,030,263</u>	\$ <u>30,006,879</u>	\$ <u>29,725,837</u>	\$ <u>52,274,987</u>	\$ <u>50,756,100</u>

CITY OF WHITEWATER, WISCONSIN

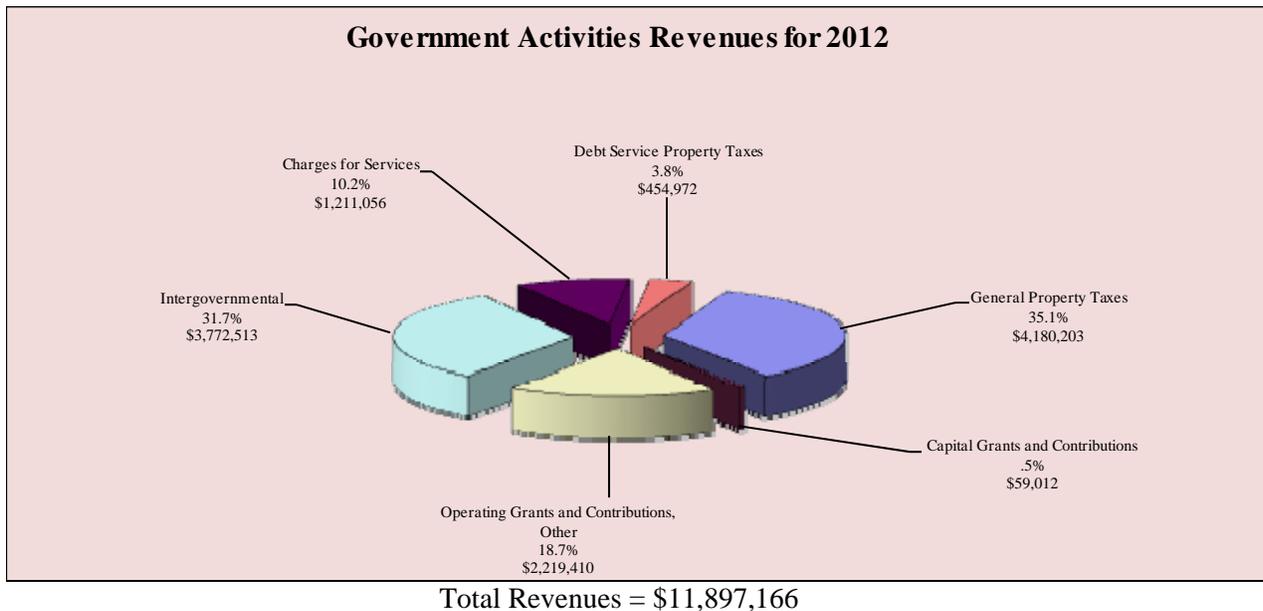
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2012 and 2011

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

Governmental Activities:

Change in Net Position: The City's 2012 revenues for both governmental and business-type activities total \$16,488,998 and expenses total \$14,858,308. These totals plus transfers resulted in an increase in net position of \$1,518,887. Net position increased by \$1,219,733 for governmental activities. The primary cause of the increase was due to operating grants & contributions of \$339,437. Program revenues decreased \$1,124,447 due to a decline in capital grants and contributions; general revenues decreased by \$246,913 while total expenses declined \$175,723. The net position restatement was the result of implementing new accounting standards. Debt issuance costs, which were previously amortized over the life of their debt issues, are now expensed. Accordingly, the remaining unamortized amounts were written off.

Revenues for the City of Whitewater's governmental activities total \$11,897,166 with intergovernmental revenues (largely state shared-revenues) being the largest revenue source for governmental activities, accounting for 31.7% (\$3,772,513) 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 3.8% (\$454,972) of total revenues, were collected to pay for the principal and interest due in 2012. General property taxes accounted for 35.1% (\$4,180,203) of governmental revenues in 2012. Charges for services contributed 10.2% (\$1,211,056); operating/capital grants, other taxes, interest income, contributed 18.7% (\$2,219,410) of the total revenues. Capital grants (\$59,012) were 0.5% of revenues.



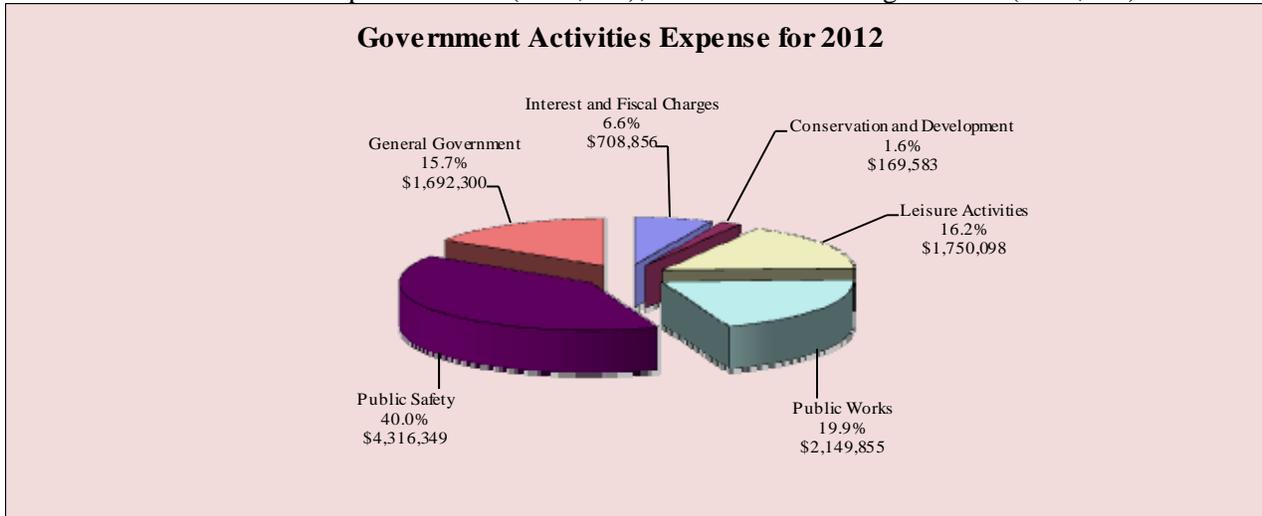
CITY OF WHITEWATER, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2012 and 2011

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

Governmental Activities (cont.) :

Governmental activities expenditures total \$10,787,041. Public Safety activities amount for 40.0% (\$4,316,349), 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 19.9% (\$2,149,855), 15.7% (\$1,692,300), and 16.2% (\$1,750,098), respectively, of total expenditures for 2012. Conservation/Development--1.6% (\$169,583); Interest/Fiscal Charges--6.6% (\$708,856).



Total Expenses = \$10,787,041

CITY OF WHITEWATER, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2012 and 2011**

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 2012 was \$10,787,041. However, the amount paid through the City's property tax was only \$4,651,135. The breakout of property taxes are \$2,415,261 (General Properties), \$449,732 (Debt Service); \$1,583,861 (TIF Districts); \$155,491 (Other Taxes). Some of the costs were paid by:

- Those directly benefiting from the programs-Charges for Service/Fees/Permits - (\$670,155)
- State of Wisconsin Shared Revenue-Aidable - (\$2,836,916)
- Utility Shared Revenues-State of Wisconsin - (\$529,521)
- State Aids-Roads/Highways - (\$527,176)
- Fines and Forfeitures - (\$371,574)

	<u>Cost of Services</u>	<u>Charges for Services, Operating & Capital Grants, Contributions</u>	<u>Net Cost of Services</u>
General Government	1,692,300	215,235	1,477,065
Public Safety	4,300,331	958,974	3,341,357
Public Works	2,149,855	756,029	1,393,826
Culture and Recreation	1,750,098	455,410	1,294,688
Conservation and Development	169,583	562,135	(392,552)
Interest and Fiscal Charges	708,856	-	708,856
Capital Outlays	16,018	19,500	(3,482)
Total	<u>10,787,041</u>	<u>2,967,283</u>	<u>7,819,758</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

General Fund: The general fund is the primary operating fund of the City. The general fund fund balance decreased \$13,970 to \$2,564,122 which represents 27.90% of the expenditures for calendar/budget year 2013 expenses. Of that amount, \$1,803,567, or 70.33%, 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, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2012 and 2011**

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

WATER, WASTEWATER, AND STORMWATER UTILITY

The **Water Utility** earned a 7.43% return on its rate base in 2012 compared to 0.06% in 2011. The water utilities (GAAP Basis) operating revenues increased \$456,151 to \$1,885,641 and the operating expenses declined by \$133,053 to \$1,282,924. The primary reason for the increase in operating revenues was due to a rate increase approved by the PSC on November 22, 2011. The overall rate increase equaled 22%. A typical residential customer water billing increased by 15%. The Cogentrix power plant water usage increased by 109,220,000 gallons or 36.0% in 2012. Total usage for the Cogentrix power plant was 303,358,000 or 46.8% of the water sold. Charges for services attributed to the Cogentrix power plant increased by \$224,582 to \$441,759.

The **Wastewater Utility** operating income increased from a deficit of \$(86,615) in 2011 to \$5,236 in 2012. Charges for services increased \$120,737 to \$2,296,128. Wastewater rates were not adjusted in 2012.

The **Stormwater Utility** operating revenues declined by \$1,497 to \$333,574. The operating income was \$31,126 in 2012. The monthly charge is \$4.08 per ERU (Equivalent Runoff Unit). Most residential properties equal 1.0 ERU. The Stormwater utility was established to provide a funding mechanism in order to comply with State & Federal mandates regarding stormwater management.

	<u>Operating Revenues</u>		<u>Operating Expenses</u>		<u>Operating Income (Loss)</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Water Utility	\$ 1,885,641	1,429,490	1,282,924	1,415,977	602,717	13,513
Wastewater Utility	2,296,128	2,175,391	2,290,892	2,262,006	5,236	(86,615)
Stormwater Utility	333,574	335,071	302,448	306,973	31,126	28,098

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

<u>Governmental Activities</u>	<u>2012</u>	<u>2011</u>	<u>Total Change</u>
Land/Right of Way/Improvements	4,866,173	4,874,266	(8,093)
Construction in Progress	52,974	-	52,974
Traffic and street lights	709,008	638,218	70,790
Buildings and Improvements	7,505,351	7,375,637	129,714
Machinery & Equipment	2,415,204	2,332,642	82,562
Streets/Sidewalks/C & G/Storm	<u>22,775,988</u>	<u>20,333,529</u>	<u>2,442,459</u>
Capital Assets, Net of Depreciation	<u>38,324,698</u>	<u>35,554,292</u>	<u>2,770,406</u>

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

CITY OF WHITEWATER, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2012 and 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

The City (Primary Government) had capital assets of \$38,324,698 in the governmental activities and \$33,523,350 in the business-like activities for a total of \$71,848,048 at the end of 2012. The largest investment in capital assets was infrastructure, including streets, curb & gutter, sidewalks, storm sewers, sewer mains, sewer laterals, water mains and hydrants. Of the total City of Whitewater capital assets, the governmental activities account for 53.34% and the business-type activities total 46.66%. The business-type activities represent the water utility with 36.08%, the wastewater utility having 53.34%, and the stormwater utility 10.05% of the capital assets.

<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>2012</u>	<u>2011</u>	<u>Change</u>
Water			
Land and Land Rights	\$ 6,727	6,727	-
Source of Supply	633,562	633,562	-
Pumping	1,185,927	1,185,927	-
Water Treatment	1,458,742	1,458,742	-
Transmission and Distribution	13,659,049	13,137,655	521,394
General	424,213	417,653	6,560
Construction in Progress	-	-	-
Less: Accumulated Depreciation	<u>(5,273,099)</u>	<u>(4,897,879)</u>	<u>(375,220)</u>
Net Assets-Water Utility Plant	<u>12,095,121</u>	<u>11,942,387</u>	<u>152,734</u>
Wastewater			
Land and Land Rights	168,179	168,179	-
Collection System	12,685,414	12,009,626	675,788
Treatment and Disposal	25,305,539	19,895,458	5,410,081
General	997,284	957,428	39,856
Construction in Progress	560,542	5,362,796	(4,802,254)
Less: Accumulated Depreciation	<u>(21,657,067)</u>	<u>(20,673,020)</u>	<u>(984,047)</u>
Net Assets-Wastewater Utility Plant	<u>18,059,891</u>	<u>17,720,467</u>	<u>339,424</u>
Stormwater			
Capital Assets	3,569,449	3,274,910	294,539
Less: Accumulated Depreciation	<u>(201,111)</u>	<u>(167,007)</u>	<u>(34,104)</u>
Net Assets-Stormwater Utility Plant	<u>3,368,338</u>	<u>3,107,903</u>	<u>260,435</u>
Total Utility's Capital Assets	<u>33,523,350</u>	<u>32,770,757</u>	<u>752,593</u>

CITY OF WHITEWATER, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2012 and 2011**

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, 2012 was \$30,891,105. Total general obligation debt outstanding at year end was \$22,700,000, which represents 73.48% of the allowable debt limit.

Comparison of Outstanding Debt by Activity						
	Governmental Activities		Business-type Activities		TOTAL	
	2012	2011	2012	2011	2012	2011
General Obligation						
Bonds and Notes	21,875,000	19,090,000	825,000	687,000	22,700,000	19,777,000
Revenue Bond/Notes	-	-	8,382,929	6,016,637	8,382,929	6,016,637
Total Outstanding	21,875,000	19,090,000	9,207,929	6,703,637	31,082,929	25,793,637

The total outstanding **general obligation debt** of \$22,700,000 is distributed:

City-CIP	6,040,000
LSP-CIP	1,070,000
TID'S (#4 & #6)	14,765,000
Utility (Water/Sewer/Storm)	825,000

The City has approved the issuance of an Industrial Revenue Bond (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. The bonds are not reported as liabilities in the financial statements. The total amount of the IRB's outstanding balance at the end of the year is zero. Three IRB mortgages were paid off in 2012.

	AMOUNTS DUE WITHIN ONE YEAR		
	Governmental Activities	Business-type Activities	Amounts Due Within One Year
General Obligation			
Bonds and Notes	1,805,000	90,000	1,895,000
Capital Leases	63,958	4,520	68,478
Revenue Bond	-	871,622	871,622
Totals	1,868,958	966,142	2,835,100

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

CITY OF WHITEWATER, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2012 and 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgets are adopted at the function level of expenditures. General Fund revenues and transfers were lower than the final budget by \$41,644. The difference of \$41,644 can be attributed to higher Intergovernmental Revenues for University Parking-Lease---\$40,000; Charges for Services-Ambulance & Crash Calls--lower by \$97,635; Water Utility Taxes--higher by \$41,974. Expenses, including transfers, were \$15,213 higher than the final budget of \$9,147,425. General Government was under by \$137,160; Public Safety over by \$54,703; Public Works over by \$40,339. Fund Balance was budgeted to decline by \$100,000 in 2012. The actual change in Fund Balance was a decline of \$156,857.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's strategic location between Milwaukee and Madison and the success of the business park, developed by the City of Whitewater under the direction of the Community Development Authority, has contributed to both growth in tax base and population. The City's tax base, currently \$618 million, has shown steady growth over the last fifteen years. For 2013, the equalized value did decline by \$13,929,200 or 2.2%.

The 2013 General Fund-Operating Budget was balanced at \$9,190,346, a 0.47 percent increase over the 2012 budget. Total general government property tax contribution increased \$90,019 to \$2,955,009. The \$90,019 increase is made up of a \$14,325 increase in general property taxes, and a \$75,694 increase of the debt service levy. The City in 2013 was limited to new construction (0.605%) 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 2013, the monthly cost for one household is \$12.07. The distribution of this cost is \$9.58 for Solid Waste and \$2.49 for Recycling. This represents a 2.0% increase on the solid waste and recycling portion.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

**City of Whitewater
Whitewater, WI**

**Statement of Net Position
December 31, 2012**

	Governmental Activities	Business-type Activities	Primary Government	Component Unit
ASSETS				
Cash and Equivalents	\$ 7,289,981	\$ 5,591,653	\$ 12,881,634	\$ 2,118,421
Receivables				
Taxes	4,637,893	-	4,637,893	-
Special Assessment	34,813	1,901	36,714	-
Accounts	214,416	395,773	610,189	-
Other	354,512	6,039	360,551	200
Due from Other Governmental Agencies	535,731	-	535,731	-
Loans	-	-	-	688,483
Internal Balances	17,974	(17,974)	-	-
Due From Agency Fund	224,544	-	224,544	-
Due From Component Unit	42,000	-	42,000	-
Due From City	-	-	-	750,000
Inventories	-	12,356	12,356	-
Other Assets	62,374	-	62,374	-
Property Held for Resale	30,299	-	30,299	-
Capital Assets				
Land, Improvements, and Construction in Progress	9,672,098	735,447	10,407,545	275,172
Other Capital Assets, net of depreciation	28,652,600	32,787,903	61,440,503	5,845,538
Net Capital Assets	<u>38,324,698</u>	<u>33,523,350</u>	<u>71,848,048</u>	<u>6,120,710</u>
Total Assets	<u>\$ 51,769,235</u>	<u>\$ 39,513,098</u>	<u>\$ 91,282,333</u>	<u>\$ 9,677,814</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 853,606	\$ 70,873	\$ 924,479	10,667
Due to City	-	-	-	42,000
Due to Component Unit	750,000	-	750,000	-
Accrued Interest	194,364	32,158	226,522	-
Other Liabilities	149,732	-	149,732	-
Long-Term Liabilities				
Due within one year				
Bonds and Notes payable	1,868,958	966,142	2,835,100	-
Compensated absences	299,622	63,504	363,126	-
Due in more than one year				
Bonds and Notes payable	20,332,681	8,264,868	28,597,549	-
Compensated Absences	117,431	108,674	226,105	-
Total Liabilities	<u>24,567,040</u>	<u>9,506,219</u>	<u>34,073,259</u>	<u>52,667</u>
DEFERRED INFLOWS OF RESOURCES				
2012 Tax Apportionment	<u>4,934,087</u>	<u>-</u>	<u>4,934,087</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	16,123,059	24,804,472	40,927,531	6,120,710
Restricted for:				
CDA Programs	-	-	-	3,412,133
Debt Service	465,153	513,979	979,132	-
Capital	2,430,918	2,029,221	4,460,139	-
Special Revenue Activity	1,096,193	-	1,096,193	-
Unrestricted	<u>2,152,785</u>	<u>2,659,207</u>	<u>4,811,992</u>	<u>92,304</u>
Total Net Position	<u>22,268,108</u>	<u>30,006,879</u>	<u>52,274,987</u>	<u>9,625,147</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 51,769,235</u>	<u>\$ 39,513,098</u>	<u>\$ 91,282,333</u>	<u>\$ 9,677,814</u>

See accompanying notes to the basic financial statements

City of Whitewater
Whitewater, WI

Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Primary Government	
Primary government								
Governmental Activities								
General Government	\$ 1,692,300	\$ 172,640	\$ 42,595	\$ -	\$ (1,477,065)		\$ (1,477,065)	
Public Safety	4,300,331	860,086	98,888	-	(3,341,357)		(3,341,357)	
Public Works	2,149,855	2,458	727,724	25,847	(1,393,826)		(1,393,826)	
Culture and Recreation	1,750,098	175,872	273,947	5,591	(1,294,688)		(1,294,688)	
Conservation and Development	169,583	-	554,061	8,074	392,552		392,552	
Interest on Long-term debt	708,856	-	-	-	(708,856)		(708,856)	
Capital Outlay	16,018	-	-	19,500	3,482		3,482	
Total governmental activities	<u>10,787,041</u>	<u>1,211,056</u>	<u>1,697,215</u>	<u>59,012</u>	<u>(7,819,758)</u>		<u>(7,819,758)</u>	
Business-type activities								
Water	1,343,453	1,885,490	-	4,556	-	546,593	546,593	
Wastewater	2,424,235	2,297,562	34,250	27,407	-	(65,016)	(65,016)	
Storm Sewer	303,579	333,574	690	-	-	30,685	30,685	
Total business-type activities	<u>4,071,267</u>	<u>4,516,626</u>	<u>34,940</u>	<u>31,963</u>	<u>-</u>	<u>512,262</u>	<u>512,262</u>	
Total primary government	<u>14,858,308</u>	<u>5,727,682</u>	<u>1,732,155</u>	<u>90,975</u>	<u>(7,819,758)</u>	<u>512,262</u>	<u>(7,307,496)</u>	
Component Unit								
Community Development Authority	358,259	140,506	10,000	-				\$ (207,753)
Total component units	<u>\$ 358,259</u>	<u>\$ 140,506</u>	<u>\$ 10,000</u>	<u>\$ -</u>				<u>(207,753)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					4,022,523	-	4,022,523	-
Property taxes, levied for debt service					454,972	-	454,972	-
Other taxes					157,680	-	157,680	-
Grants and contributions not restricted to specific programs					3,772,513	-	3,772,513	-
Unrestricted investment earnings					29,592	8,303	37,895	27,594
Public gifts and grants					19,925	-	19,925	-
Miscellaneous					452,678	-	452,678	13,180
Special item - gain (loss) on retirement of asset(s)					20,000	-	20,000	-
Transfer to CDA					(111,803)	-	(111,803)	111,803
Transfers					239,523	(239,523)	-	-
Total general revenues, transfers, and special items					<u>9,057,603</u>	<u>(231,220)</u>	<u>8,826,383</u>	<u>152,577</u>
Change in net position					1,237,845	281,042	1,518,887	(55,176)
Net position - beginning (restated)					21,030,263	29,725,837	50,756,100	9,680,323
Net position - ending					<u>\$ 22,268,108</u>	<u>\$ 30,006,879</u>	<u>\$ 52,274,987</u>	<u>\$ 9,625,147</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Governmental Funds
December 31, 2012**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 4</u>	<u>Other Capital Projects Funds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 2,470,500	\$ 465,154	\$ 611,886	\$ 2,608,718	\$ 1,133,726	\$ 7,289,984
Receivables:						
Taxes	2,955,009	-	1,643,105	-	30,796	4,628,910
Delinquent Personal Property Taxes	8,983	-	-	-	-	8,983
Special Assessments	34,813	-	-	-	-	34,813
Accounts	214,416	-	-	-	-	214,416
Other	78,989	-	251,873	-	23,650	354,512
Due from Other Governments	39,936	-	370,498	90,816	34,481	535,731
Due from Other Funds	359,947	-	-	-	-	359,947
Prepaid Expenses	62,374	-	-	-	-	62,374
Due from component unit	-	-	42,000	-	-	42,000
Advances Receivable	700	-	-	-	-	700
Total Assets	<u>\$ 6,225,667</u>	<u>\$ 465,154</u>	<u>\$ 2,919,362</u>	<u>\$ 2,699,534</u>	<u>\$ 1,222,653</u>	<u>\$ 13,532,370</u>
LIABILITIES						
Liabilities:						
Accounts Payable	\$ 203,597	\$ -	\$ 9,921	\$ 314,034	\$ 29,341	\$ 556,893
Accrued Liabilities	292,664	-	-	-	4,046	296,710
Due to Other Funds	42,054	-	75,000	-	375	117,429
Payable to Other Governments	-	-	-	-	646	646
Advance Payable to CDA	-	-	750,000	-	-	750,000
Advances Payable	-	-	-	-	700	700
Total Liabilities	<u>538,315</u>	<u>-</u>	<u>834,921</u>	<u>314,034</u>	<u>35,108</u>	<u>1,722,378</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,123,230</u>	<u>-</u>	<u>1,948,281</u>	<u>-</u>	<u>45,934</u>	<u>5,117,445</u>
FUND BALANCE						
Nonspendable	72,057	-	-	-	-	72,057
Restricted	-	-	-	2,385,500	1,141,973	3,527,473
Assigned	688,498	465,154	136,160	-	-	1,289,812
Unassigned	1,803,567	-	-	-	(362)	1,803,205
Total Fund Balance	<u>2,564,122</u>	<u>465,154</u>	<u>136,160</u>	<u>2,385,500</u>	<u>1,141,611</u>	<u>6,692,547</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 6,225,667</u>	<u>\$ 465,154</u>	<u>\$ 2,919,362</u>	<u>\$ 2,699,534</u>	<u>\$ 1,222,653</u>	<u>\$ 13,532,370</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, 2012**

Total fund balance, governmental funds	\$	6,692,547
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
		38,324,698
<p>Property held for resale</p>		
		30,299
<p>Deferred inflows are reported in the fund financial statement, but are already recognized as earned in the Statement of Position.</p>		
		183,352
<p>Some liabilities, (such as General Obligation Debt, Long-Term Compensated Absences, and Leases Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
Long-term debt current portion	1,868,958	
Long-term debt non-current portion	20,332,681	
Unamortized premium on debt	149,732	
Compensated absences current portion	299,622	
Compensated absences long-term portion	117,431	
Accrued interest	194,364	(22,962,788)
Net Position of Governmental Activities in the Statement of Net Position		\$ 22,268,108

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, 2012**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 4</u>	<u>Other Capital Projects Funds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property Taxes	\$ 2,542,111	\$ 454,972	\$ 1,583,861	\$ -	\$ 28,641	\$ 4,609,585
Other Taxes	-	-	293,052	-	-	293,052
Special Assessment Revenue	17,863	-	-	-	-	17,863
Intergovernmental	4,465,042	-	390,112	544,961	401,335	5,801,450
License and Permits	80,038	-	-	-	37,000	117,038
Fines, Forfeits and Penalties	371,574	-	-	-	14,060	385,634
Public Charges for Services	588,131	-	-	-	134,889	723,020
Intergovernmental Charges for Services	-	-	-	-	308	308
Interest Income	13,087	487	1,045	3,827	7,501	25,947
Miscellaneous Income	50,732	85,581	4,932	53,086	81,932	276,263
Total Revenues	<u>8,128,578</u>	<u>541,040</u>	<u>2,273,002</u>	<u>601,874</u>	<u>705,666</u>	<u>12,250,160</u>
EXPENDITURES						
Current:						
General Government	1,631,502	-	-	-	87,472	1,718,974
Public Safety	4,011,569	-	-	-	6,993	4,018,562
Public Works	1,359,522	-	-	-	137,282	1,496,804
Culture, Recreation and Education	1,213,169	-	-	-	401,333	1,614,502
Conservation and Development	118,474	-	45,819	-	1,776	166,069
Capital Outlay	81,050	-	117,358	3,630,229	14,081	3,842,718
Debt Service						
Principal Repayment	70,977	2,235,000	-	-	-	2,305,977
Interest Expense	-	670,927	-	-	-	670,927
Total Expenditures	<u>8,486,263</u>	<u>2,905,927</u>	<u>163,177</u>	<u>3,630,229</u>	<u>648,937</u>	<u>15,834,533</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(357,685)</u>	<u>(2,364,887)</u>	<u>2,109,825</u>	<u>(3,028,355)</u>	<u>56,729</u>	<u>(3,584,373)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	-	845,075	-	4,174,925	-	5,020,000
Premium on Long-Term Debt	-	-	-	157,613	-	157,613
Transfers In	504,974	1,678,687	-	199,046	21,370	2,404,077
Transfers Out	(161,259)	-	(1,791,357)	(19,000)	(121,330)	(2,092,946)
Transfers Out to CDA	-	-	(45,000)	-	(5,000)	(50,000)
Total Other Financing Sources and Uses	<u>343,715</u>	<u>2,523,762</u>	<u>(1,836,357)</u>	<u>4,512,584</u>	<u>(104,960)</u>	<u>5,438,744</u>
Net Change in Fund Balances	(13,970)	158,875	273,468	1,484,229	(48,231)	1,854,371
Fund Balances - Beginning restated	2,578,092	306,279	(137,308)	901,271	1,189,842	4,838,176
Fund Balances (Deficits)- Ending	<u>\$ 2,564,122</u>	<u>\$ 465,154</u>	<u>\$ 136,160</u>	<u>\$ 2,385,500</u>	<u>\$ 1,141,611</u>	<u>\$ 6,692,547</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, 2012**

Net change in fund balances - total governmental funds: \$ 1,854,371

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 \$3,905,069 exceeded depreciation \$1,134,663 in the current period. 2,770,367

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. 17,543

This represents revenues which were recorded on the government-wide statements in the current year but will be accrued in the fund financial statements in subsequent years. (475,986)

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	(5,020,000)	
Debt repayment - capital lease	56,613	
Debt repayment - general obligation	<u>2,235,000</u>	(2,728,387)

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	(45,810)
Adjustment for increase in compensated absences	(4,521)
Adjustment for amortization expense not reflected on Governmental Funds	7,881
Adjustment for premium deferred and amortized on the government-wide statements.	<u>(157,613)</u>
Change in net position of governmental activities	<u><u>\$ 1,237,845</u></u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Enterprise Funds			
	Water	Wastewater	Stormwater	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 952,426	\$ 1,311,831	\$ 232,986	\$ 2,497,243
Receivables				
Accounts	143,491	228,852	23,432	395,775
Interest	4,480	1,559	-	6,039
Due from Other Funds	28,295	-	-	28,295
Inventories	12,356	-	-	12,356
Total Current Assets	1,141,048	1,542,242	256,418	2,939,708
Restricted:				
Restricted Cash	435,789	2,658,621	-	3,094,410
Total Restricted Assets	435,789	2,658,621	-	3,094,410
Capital Assets:				
Utility Plant	17,368,220	39,716,958	3,569,449	60,654,627
Less Accumulated Depreciation	(5,273,099)	(21,657,067)	(201,111)	(27,131,277)
Net Capital Assets	12,095,121	18,059,891	3,368,338	33,523,350
Noncurrent Assets				
Special Assessments	1,901	-	-	1,901
Total Noncurrent Assets	1,901	-	-	1,901
Total Assets	\$ 13,673,859	\$ 22,260,754	\$ 3,624,756	\$ 39,559,369

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Enterprise Funds			
	Water	Wastewater	Stormwater	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 33,536	\$ 9,552	\$ 5,462	\$ 48,550
Accrued Liabilities	5,426	16,497	400	22,323
Accrued Interest Payable	11,208	20,950	-	32,158
Due to Other Funds	16,128	29,130	1,012	46,270
Compensated Absences	22,523	32,953	8,028	63,504
Current Portion of Long-Term Debt	400,710	565,432	-	966,142
Total Current Liabilities	489,531	674,514	14,902	1,178,947
Non-Current Liabilities:				
Long-Term Debt				
Capital Lease Obligation	-	18,561	-	18,561
Notes Payable	188,876	91,124	455,000	735,000
Bonds and Loans Payable	2,150,000	5,361,308	-	7,511,308
Total Long-Term Debt	2,338,876	5,470,993	455,000	8,264,869
Other Liabilities				
Compensated Absences	50,259	42,834	15,581	108,674
Total Other Liabilities	50,259	42,834	15,581	108,674
Total Non-Current Liabilities	2,389,135	5,513,827	470,581	8,373,543
Total Liabilities	2,878,666	6,188,341	485,483	9,552,490
NET POSITION				
Net Investment in Capital Assets	9,621,587	12,269,547	2,913,338	24,804,472
Restricted	158,529	2,384,671	-	2,543,200
Unrestricted	1,015,077	1,418,195	225,935	2,659,207
Total Net Position	10,795,193	16,072,413	3,139,273	30,006,879
Total Liabilities and Net Position	\$ 13,673,859	\$ 22,260,754	\$ 3,624,756	\$ 39,559,369

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012**

	Enterprise Funds			
	Water	Wastewater	Stormwater	Total
OPERATING REVENUES				
Charges for Services	\$ 1,885,641	\$ 2,296,128	\$ 333,574	\$ 4,515,343
Total Operating Revenues	1,885,641	2,296,128	333,574	4,515,343
OPERATING EXPENSES				
Operation and Maintenance	907,403	1,259,724	256,249	2,423,376
Depreciation	375,521	1,031,168	46,199	1,452,888
Total Operating Expenses	1,282,924	2,290,892	302,448	3,876,264
Operating Income (Loss)	602,717	5,236	31,126	639,079
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	2,025	6,278	-	8,303
Grants and Contributions	730	36,204	-	36,934
Miscellaneous Revenues	-	-	690	690
Interest Expense	(60,528)	(133,343)	(1,131)	(195,002)
Total Non-Operating Revenue (Expenses)	(57,773)	(90,861)	(441)	(149,075)
Income (Loss) Before Contributions and Transfers	544,944	(85,625)	30,685	490,004
Capital Contributions	3,675	26,886	-	30,561
Capital Contributions transferred in from City	-	-	56,451	56,451
Transfers Out	(276,974)	-	(19,000)	(295,974)
Change in Net Position	271,645	(58,739)	68,136	281,042
Total Net Position - Beginning	10,523,548	16,131,152	3,071,137	29,725,837
Total Net Position - Ending	\$ 10,795,193	\$ 16,072,413	\$ 3,139,273	\$ 30,006,879

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, 2012

	Water	Wastewater	Stormwater	Totals 2012
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 1,918,657	\$ 2,316,578	\$ 343,652	\$ 4,578,887
Payments to suppliers	(615,228)	(320,038)	(94,288)	(1,029,554)
Payments to employees	(427,471)	(758,242)	(178,825)	(1,364,538)
Taxes paid	(276,974)	-	-	(276,974)
Net cash provided (used) by operating activities	<u>598,984</u>	<u>1,238,298</u>	<u>70,539</u>	<u>1,907,821</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Proceeds of special assessments	475	-	-	475
Acquisition and construction of plant assets	(567,128)	(1,349,318)	(250,184)	(2,166,630)
Proceeds of debt	855,000	2,200,566	228,000	3,283,566
Principal payments on long-term debt	(350,710)	(432,566)	-	(783,276)
Interest paid	(61,999)	(131,828)	(1,131)	(194,958)
Capital contributions	-	26,888	-	26,888
Net cash provided (used) by capital and related financing activities	<u>(124,362)</u>	<u>313,742</u>	<u>(23,315)</u>	<u>166,065</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	<u>2,025</u>	<u>6,278</u>	-	<u>8,303</u>
Net cash provided (used) by investing activities	<u>2,025</u>	<u>6,278</u>	-	<u>8,303</u>
Net increase (decrease) in cash and equivalents	476,647	1,558,318	47,224	2,082,189
Cash and equivalents - beginning of year	<u>881,568</u>	<u>2,121,884</u>	<u>185,762</u>	<u>3,189,214</u>
Cash and equivalents - end of year	<u>\$ 1,358,215</u>	<u>\$ 3,680,202</u>	<u>\$ 232,986</u>	<u>\$ 5,271,403</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, 2012

	Water	Wastewater	Stormwater	Totals 2012
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 602,717	\$ 5,236	\$ 31,126	\$ 639,079
Adjustments to Reconcile Operating Income (Loss):				
Prior period adjustment	(42,474)	(17,442)	-	(59,916)
Joint meter	21,274	(21,274)	-	-
Cash Provided (Used) by Operating Activities:				
Miscellaneous	-	-	690	
Amortization	42,474	17,442	-	59,916
Depreciation	396,795	1,031,168	46,199	1,474,162
Transfer out	(276,974)	-	(19,000)	(295,974)
Changes in Assets and Liabilities:				
Customer accounts receivable	33,016	20,450	10,078	63,544
Due from/to other funds	(193,937)	180,248	203	(13,486)
Material & supplies	(765)	-	-	(765)
Other assets	730	36,203	-	36,933
Accounts payable	26,579	1,015	4,257	31,851
Accrued liabilities	(10,451)	(14,748)	(3,014)	(28,213)
Net cash provided (used) by operating activities	\$ 598,984	\$ 1,238,298	\$ 70,539	\$ 1,907,821
<u>Noncash Activity</u>				
Contributions for plant	\$ 3,675	\$ -	\$ 56,451	\$ 60,126
Net noncash activity	\$ 3,675	\$ -	\$ 56,451	\$ 60,126
Reconciliation of cash and cash equivalents to statement of net assets accounts				
Cash and cash equivalents	\$ 952,426	\$ 1,311,831	\$ 232,986	\$ 2,497,243
Restricted Cash	435,789	2,658,621	-	3,094,410
Total cash and investments	1,388,215	3,970,452	232,986	5,591,653
Less: Noncash equivalents	(30,000)	(290,250)	-	(320,250)
Cash and Cash Equivalents	\$ 1,358,215	\$ 3,680,202	\$ 232,986	\$ 5,271,403

See accompanying notes to the financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,490,806
Receivables:	
Taxes Receivable	4,800,551
Other Receivables	224,467
Total Assets	<u>\$ 9,515,824</u>
LIABILITIES	
Due to Other Funds	\$ 224,544
Due to Other Governments	9,291,280
Total Liabilities	<u>\$ 9,515,824</u>

See accompanying notes to the basic financial statements

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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 12. 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 2012. The authority does not issue separate financial statements.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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, 2012

- 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, deferred outflows, liabilities, 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, deferred outflows, liabilities, 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, 2012

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

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

Major and Non-Major Enterprise Funds

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

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

The City reports the following non-major governmental funds:

Non-Major Governmental Funds

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

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

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, 2012

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.

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.

Effective January 1, 2012, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This Statement amends the net assets reporting requirements in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Effective January 1, 2012, the City also implemented GASB Statement No. 65, *Reporting Items Previously Recognized as Assets and Liabilities*. GASB Statement No. 65 defines deferred outflows and deferred inflows of resources, which are to be separated from assets and liabilities under GASB Statement No. 63. The financial statement effect of implementing these standards resulted in a restatement of net position. See Note 15.

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.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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

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.

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.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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

Fund Financial Statements (Continued)

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, 2012

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Assets 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, 2012

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Assets 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 – 2012 tax roll

Lien date and levy date	December, 2012
Tax Bills mailed	December, 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale – 2012 delinquent real estate taxes	October, 2015

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, 2012

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Assets 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, 2012

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Assets 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 2012.

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, 2012

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Assets 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, 2012 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, 2012

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Assets 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, 2012

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

14) Equity Classifications (Continued)

Fund Statements

Government fund equity is classified as fund balance.

The City has implemented the following GASB statement:

GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions.*” The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The categories of fund balance presented in the City’s financial statements have changed as a result of implementing this Statement.

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, 2012

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. Excess Expenditures over Appropriations

The City controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

I. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2012, the following individual funds held a deficit balance:

Fund	Amount	Reason
TID 7	\$(362)	Project costs in excess of revenues

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

J. 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.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (Continued)

K. Capital Contributions

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

L. 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, 2012, 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	\$ 17,372,439	\$ 18,357,416	Custodial credit risk, interest rate risk
Deposits in financial institutions - CDA	<u>2,118,421</u>	<u>2,121,798</u>	Custodial credit risk, interest rate risk
Total Cash and Investments	<u>\$ 19,490,861</u>	<u>\$ 20,479,214</u>	
Reconciliation to financial statements			
Per statement of net position			
Primary government	\$ 12,881,634		
Component unit	2,118,421		
Per statement of net position -			
Fiduciary Funds			
Agency	<u>4,490,806</u>		
Total Cash and Investments	<u>\$ 19,490,861</u>		

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

2. Cash and Investments (Continued)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. In addition, the banks used by the City participated in the Dodd-Frank Act. Under this program, the FDIC provided unlimited protection to all noninterest-bearing accounts through December 31, 2012. The City has no deposits that are covered by this program. 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 \$14,870,657.

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	\$ 737,983
Total of CDs CDA	<u>1,219,010</u>
	<u><u>\$ 1,956,993</u></u>
maturing by 6/30/12	\$ 1,195,044
maturing by 12/31/12	<u>761,949</u>
	<u><u>\$ 1,956,993</u></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, 2012

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, 2012, 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>\$ 14,870,657</u>
Uninsured and uncollateralized	<u>\$ 1,770,142</u>

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	\$ 8,983
Special assessments	<u>34,663</u>
Total	<u>\$ 43,646</u>

Receivables of the city are reported net of uncollectible amounts. The following is the allowance for uncollectible receivables that is reported as of December 31, 2012:

Delinquent personal property taxes	\$ 7,000
Uncollectible related to ambulance receivable	<u>137,200</u>
Total	<u>\$ 144,200</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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	\$ -	\$4,598,114	\$4,598,114
Special assessments not yet due	34,663	-	34,663
Developer agreement PILOT payments	305,176	-	305,176
Taxi-cab grant	15,138	-	15,138
Other items	26,558	-	26,558
EDA grant	30,796	-	30,796
Ambulance receivable	<u>107,000</u>	<u>-</u>	<u>107,000</u>
Total Deferred Inflows of Resources			
For Governmental Funds	<u>\$ 519,331</u>	<u>\$4,598,114</u>	<u>\$5,117,445</u>

4. Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

4. Restricted Assets

Following is a list of restricted assets at December 31, 2012:

	Water Utility	Wastewater Utility	Totals
Restricted Assets			
Redemption account	\$ 169,737	\$ 344,242	\$ 513,979
Depreciation account	-	25,000	25,000
Reserve account	266,052	223,000	489,052
Connection account	-	276,568	276,568
DNR Replacement account	-	1,759,811	1,759,811
	\$ 435,789	\$ 2,628,621	\$ 3,064,410
Total Restricted Assets			

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

5. Capital Assets

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

	1/1/2012 Beginning Balance	Additions	Deletions	12/31/2012 Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ -	\$ 52,974	\$ -	\$ 52,974
Infrastructure in Progress	794,926	-	794,926	-
Land	2,947,791	-	-	2,947,791
Right of way	1,830,165	-	-	1,830,165
Land improvements	4,841,168	-	-	4,841,168
Total Capital Assets Not Being Depreciated	10,414,050	52,974	794,926	9,672,098
Capital Assets Being Depreciated				
Land Improvements	399,134	-	-	399,134
Buildings	10,757,264	359,343	-	11,116,607
Traffic and Street Lights	809,071	94,278	-	903,349
Machinery and Equipment	7,364,505	472,203	-	7,836,708
Streets	19,435,928	3,715,901	-	23,151,829
Sidewalks	976,392	5,296	-	981,688
Curb and Gutter	695,594	-	-	695,594
Total Capital Assets Being Depreciated	40,437,888	4,647,021	-	45,084,909
Accumulated Depreciation				
Land improvements	302,824	8,093	-	310,917
Buildings	3,381,627	229,629	-	3,611,256
Traffic and street lights	170,853	23,488	-	194,341
Machinery and equipment	5,031,863	389,641	-	5,421,504
Streets	6,234,055	444,954	-	6,679,009
Sidewalks	109,548	21,468	-	131,016
Curb and gutter	66,876	17,390	-	84,266
Total Accumulated Depreciation	15,297,646	1,134,663	-	16,432,309
Capital Assets, Net of Depreciation	\$ 35,554,292	\$ 3,565,332	\$ 794,926	\$ 38,324,698

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

5. Capital Assets (Continued)

Depreciation expense for the governmental activities is as follows:

Government Activities		
General Government		\$ 122,764
Public Safety		258,749
Public Works, which includes the depreciation of streets (including curb and gutter) and sidewalks		637,985
Culture, Recreation and Education		<u>115,165</u>
Total Governmental Activities Depreciation Expense		<u><u>\$ 1,134,663</u></u>

Capital asset activity in the business type activities for the year ended December 31, 2012 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				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land and land rights	<u>6,727</u>	<u>-</u>	<u>-</u>	<u>6,727</u>
Total Capital Assets Not Being Depreciated	<u>6,727</u>	<u>-</u>	<u>-</u>	<u>6,727</u>
Capital Assets Being Depreciated				
Source of supply	633,563	-	-	633,563
Pumping	1,185,927	-	-	1,185,927
Water treatment	1,458,742	-	-	1,458,742
Transmission and distribution	13,137,654	542,969	21,575	13,659,048
Administrative and general assets	<u>417,653</u>	<u>6,560</u>	<u>-</u>	<u>424,213</u>
Total Capital Assets Being Depreciated	<u>16,833,539</u>	<u>549,529</u>	<u>21,575</u>	<u>17,361,493</u>
Total Capital Assets	<u>16,840,266</u>	<u>549,529</u>	<u>21,575</u>	<u>17,368,220</u>
Less: Accumulated depreciation	<u>4,897,879</u>	<u>396,795</u>	<u>21,575</u>	<u>5,273,099</u>
Net Capital Assets	<u><u>\$ 11,942,387</u></u>	<u><u>\$ 152,734</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,095,121</u></u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

5. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 5,362,796	\$ 574,945	\$ 5,377,199	\$ 560,542
Land and land rights	168,179	-	-	168,179
Total Capital Assets Not Being Depreciated	5,530,975	574,945	5,377,199	728,721
Capital Assets Being Depreciated				
Collection system	12,009,626	701,635	25,847	12,685,414
Treatment and disposal	19,895,458	5,410,080	-	25,305,538
General	957,428	39,857	-	997,285
Total Capital Assets Being Depreciated	32,862,512	6,151,572	25,847	38,988,237
Total Capital Assets	38,393,487	6,726,517	5,403,046	39,716,958
Less: Accumulated depreciation	20,673,020	1,009,894	25,847	21,657,067
Net Capital Assets	\$ 17,720,467	\$ 5,716,623	\$ 5,377,199	\$ 18,059,891
<u>Stormwater</u>				
Capital Assets Being Depreciated				
Infrastructure	\$ 3,274,910	\$ 306,635	\$ 12,096	\$ 3,569,449
Less: Accumulated depreciation	167,008	46,199	12,096	201,111
Net Capital Assets	\$ 3,107,902	\$ 260,436	\$ -	\$ 3,368,338

Listed below is the depreciation expense for the utilities.

Business Type Activities	
Water Utility	\$ 375,521
Sewer Utility	1,031,168
Stormwater Utility	46,199
Total Business-Type Activities Depreciation Expense	\$ 1,452,888

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

6. Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TID #4	\$ 75,000
General Fund	Wastewater Utility	1,500
General Fund	Water Utility	16,128
General Fund	Stormwater	1,012
General Fund	Tax Collection Fund	224,543
General Fund	Rescue Squad Fund	375
General Fund	Solid Waster Recycling	41,389
Subtotal - General Fund		<u>359,947</u>
Water Utility	General Fund	665
Water Utility	Wastewater Fund	27,630
Subtotal - Proprietary Funds		<u>28,295</u>
Subtotal - Fund Financial Statements		388,242
Less: Fund Eliminations		<u>(370,268)</u>
Total - Government - Wide Statements		<u>\$ 17,974</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activity	Business-type Activity	\$ (17,974)
Business-type Activity	Governmental Activity	17,974
	Total	<u><u>\$ -</u></u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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.

The following is a schedule of interfund advances:

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

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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	TID No. 4	\$ 140,000	Administrative
General Fund	Cable TV Fund	22,000	Administrative
General Fund	Parking Maintenance	22,000	Administrative
General Fund	Forestry Fund	10,000	Operations
General Fund	Water Utility	276,974	Tax equivalent
General Fund	TID No. 6	15,000	Administrative
DPW Equipment	Stormwater Utility	<u>19,000</u>	Capital equipment
Subtotal - General Fund		504,974	
Debt Service Fund	TID No. 4	1,678,687	Debt service payment
Other Capital Projects	General Fund	155,046	Appropriation
Other Capital Projects	Parkland Development	25,000	Park capital expenses
Other Capital Projects	Other Capital Projects	19,000	Fund future construction
Police Department Trust Fund	General Fund	15,157	Cost allocations
Taxi Cab Grant Program	General Fund	<u>6,213</u>	City portion
Subtotal - Other Funds		1,899,103	
Stormwater Utility	General Fund	<u>56,451</u>	Capital Contributions
Subtotal - Proprietary Funds		56,451	
Sub-Total – Fund Financial Statements		2,460,528	
Less: Fund Eliminations		<u>(2,700,051)</u>	
Total – Government-Wide Statement of Activities		<u><u>\$ (239,523)</u></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, 2012

7. Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2012.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt	\$ 19,090,000	\$ 5,020,000	\$ 2,235,000	\$ 21,875,000	\$ 1,805,000
Sub-Total	<u>19,090,000</u>	<u>5,020,000</u>	<u>2,235,000</u>	<u>21,875,000</u>	<u>1,805,000</u>
Other Liabilities					
Vested Compensated Absences	412,532	4,521	-	417,053	299,622
Capital Leases	<u>383,252</u>	<u>-</u>	<u>56,613</u>	<u>326,639</u>	<u>63,958</u>
Total Other Liabilities	<u>795,784</u>	<u>4,521</u>	<u>56,613</u>	<u>743,692</u>	<u>363,580</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 19,885,784</u>	<u>\$ 5,024,521</u>	<u>\$ 2,291,613</u>	<u>\$ 22,618,692</u>	<u>\$ 2,168,580</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
Revenue Bonds	\$ 6,016,637	\$ 3,055,567	\$ 689,275	\$ 8,382,929	\$ 871,622
General obligation debt	687,000	455,000	317,000	825,000	90,000
Capital Lease	<u>27,082</u>	<u>-</u>	<u>4,001</u>	<u>23,081</u>	<u>4,520</u>
Total Long-Term Debt	<u>6,730,719</u>	<u>3,510,567</u>	<u>1,010,276</u>	<u>9,231,010</u>	<u>966,142</u>
Other Liabilities					
Vested Compensated Absences	<u>196,613</u>	<u>-</u>	<u>24,435</u>	<u>172,178</u>	<u>63,504</u>
Total Other Liabilities	<u>196,613</u>	<u>-</u>	<u>24,435</u>	<u>172,178</u>	<u>63,504</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 6,927,332</u>	<u>\$ 3,510,567</u>	<u>\$ 1,034,711</u>	<u>\$ 9,403,188</u>	<u>\$ 1,029,646</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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, 2012 is \$30,891,105. Debt subject to the limit is \$22,700,000. 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 12/31/12</u>	<u>Current Portion</u>
Governmental Activities						
2005 GO						
Promissory Note	10/15/2005	9/1/2015	3.1-3.6	\$ 3,300,000	\$ 1,430,000	\$ 460,000
2008 GO						
Refunding Bond	1/7/2008	9/1/2017	3.956	\$ 5,000,000	4,065,000	665,000
2009 GO Refunding	9/3/2009	12/1/2016	2.3-3.0	\$ 1,005,000	580,000	150,000
2010 GO Refunding						
Bonds	2/9/2010	12/1/2017	1.2-2.7	\$ 1,500,000	815,000	230,000
2010 Taxable GO						
Bonds	2/9/2010	12/1/2029	2.8-6.05	\$ 3,290,000	3,290,000	50,000
2010 GO Refunding						
Bonds	9/1/2010	9/1/2020	2.3-3.0	\$ 5,000,000	4,635,000	180,000
2010 Taxable GO						
Bonds	10/12/2010	9/1/2027	.75-5.0	\$ 2,110,000	2,040,000	70,000
2012 GO Refunding						
Bonds	5/17/2012	9/1/2031	.85-3.25	\$ 5,020,000	5,020,000	85,000
Total Governmental Activities -- General Obligation Debt					<u>\$21,875,000</u>	<u>\$ 1,805,000</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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>
2013	\$ 1,890,000	\$ 744,716
2014	2,060,000	655,183
2015	2,115,000	591,966
2016	2,465,000	524,529
2017	2,450,000	454,711
2018-2022	5,425,000	1,541,918
2023-2027	3,630,000	776,642
2028-2031	1,840,000	154,193
Totals	<u>\$ 21,875,000</u>	<u>\$ 5,443,858</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

7. Long-Term Obligations (Continued)

B. Business-Type Debt

The following is business-type debt outstanding:

Business-type Activities Debt (Excluding Capital Lease)

	Date of Issuance	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/12	Current Portion
<u>Water Utility</u>						
2010 Mortgage Revenue Bonds	9/7/2010	10/1/2015	2.00%	\$ 1,215,000	\$ 745,000	\$ 240,000
2011 Mortgage Revenue Bonds	6/7/2011	10/1/2026	1.6-4.0%	\$ 940,000	890,000	50,000
2012 Mortgage Revenue Bonds	5/17/2012	10/1/2027	.85-2.85%	\$ 855,000	855,000	50,000
Total water utility revenue bonds					2,490,000	340,000
<u>2010 GO Promissory Notes</u>						
	2/9/2010	12/1/2016	1.2-2.7%	\$ 428,343	249,586	60,710
Total Water Utility long-term debt					<u>\$ 2,739,586</u>	<u>\$ 400,710</u>
<u>Wastewater Utility</u>						
1996 Clean Water fund loan	7/24/1996	5/1/2016	3.08%	\$ 1,563,900	\$ 409,197	\$ 97,692
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	\$ 50,000	2,596,622	120,232
2010 Mortgage Revenue Bonds	2/9/2010	5/1/2016	2.0-3.25%	\$ 1,230,000	840,000	200,000
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	\$ 115,954	562,110	23,698
2012 Mortgage Revenue Bonds	5/17/2012	11/1/2027	.85-2.85%	\$ 1,485,000	1,485,000	90,000
Total sewer utility revenue bonds					5,892,929	531,622
<u>2010 GO Promissory Notes</u>						
	2/9/2010	12/1/2016	1.2-2.7%	\$ 206,657	120,414	29,290
Total Wastewater Utility long-term debt					<u>\$ 6,013,343</u>	<u>\$ 560,912</u>
<u>Stormwater Utility</u>						
<u>2012 GO Refunding Bonds</u>						
	5/17/2012	9/1/2031	.85-3.25%	\$ 455,000	455,000	-
Total Stormwater Utility long-term debt					455,000	-
Total Business-type Activities Debt (excluding capital lease)					<u>\$ 9,207,929</u>	<u>\$ 961,622</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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

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

<u>Years</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 961,622	\$ 221,701
2014	988,699	198,817
2015	1,030,983	177,243
2016	793,482	152,816
2017	380,906	136,392
2018-2022	2,095,412	536,614
2023-2027	2,321,451	246,041
2028-2031	635,374	21,903
Total	<u>\$ 9,207,929</u>	<u>\$1,691,527</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

7. Long-Term Obligations (Continued)

C. Other Debt

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

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

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

D. Lease Disclosures

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

Year	General		Wastewater		Total
	Principal	Interest	Principal	Interest	
2013	\$ 63,958	\$ 12,090	\$ 4,520	\$ 854	\$ 81,422
2014	71,969	9,525	5,085	673	87,252
2015	80,697	6,641	5,703	469	93,510
2016	90,203	3,411	6,374	241	100,229
2017	19,812	385	1,399	27	21,623
Total	<u>\$ 326,639</u>	<u>\$ 32,052</u>	<u>\$ 23,081</u>	<u>\$ 2,264</u>	<u>\$ 384,036</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

8. Net Position/Fund Balances

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2012 includes the following:

Capital Assets net of depreciation	\$ 38,324,698
Less: long-term debt outstanding	(22,201,639)
Total Net Investment in Capital Assets	16,123,059
 Restricted	
Subdividers park fees	33,483
Rescue Squad Equipment	279,261
Rock River Stormwater Group	45,820
Taxicab	40,474
Library	480,398
Cable TV	114,440
Forestry	6,640
Parking Permits	26,994
Rescue Squad Trust	53,558
Police Department Trust	15,125
TIF 4 projects	2,430,918
Debt service	465,153
Total Restricted	3,992,264
 Unrestricted	
Total Governmental Activities Net Position	\$ 2,152,785
	\$ 22,268,108

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

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

Fund balances as of December 31, 2012 include the items in the following table.

Major Funds

<u>General Fund</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Delinquent personal property tax	\$ 8,983	\$ -	\$ -	\$ -
Prepaid expenses	62,374	-	-	-
Advances	700	-	-	-
27th Payroll	-	-	-	141,824
Fire Department Equipment	-	-	112,448	-
Dept. of Public Works Equipment Revolving Fund	-	-	153,242	-
Police Vehicle Revolving Fund	-	-	24	-
Skate Park	-	-	3,211	-
Solid Waste/Recycling (deficit)	-	-	-	(11,113)
Sick Leave Severance	-	-	242,424	-
Lakes Improvements	-	-	475	-
Street Repair Revolving Fund	-	-	176,674	-
Unassigned	-	-	-	1,672,856
Total General Fund	<u>\$ 72,057</u>	<u>\$ -</u>	<u>\$ 688,498</u>	<u>\$ 1,803,567</u>

Debt Service Fund

Assigned for debt payments \$ 465,154

TID 4 Capital Projects Fund

Assigned for TIF expenditures \$ 136,160

Other Capital Projects Funds

Restricted for capital outlay projects \$ 2,385,500

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

8. 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	\$ -	\$ 114,440	\$ -	\$ -
Library Special Revenue	-	480,398	-	-
Taxi Cab Grant	-	40,474	-	-
Parkland Acquisition	-	7,996	-	-
Parkland Development	-	25,487	-	-
Forestry Fund	-	6,640	-	-
Rescue Squad Equipment	-	279,261	-	-
Parking Permit	-	26,994	-	-
Rescue Squad Trust	-	53,558	-	-
Police Dept. Trust	-	15,125	-	-
Rock River Stormwater Group	-	45,820	-	-
TID #5	-	8,861	-	-
TID #6	-	16,814	-	-
TID #7 (deficit)	-	-	-	(362)
TID #8	-	17,643	-	-
TID #9	-	2,462	-	-
Total Non-Major Funds	<u>\$ -</u>	<u>\$ 1,141,973</u>	<u>\$ -</u>	<u>\$ (362)</u>

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

8. Net Position/Fund Balances (Continued)

Business Activities

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

	2012
Water Utility	
Capital Assets net of depreciation	\$ 12,095,121
Less: related long-term debt outstanding	(2,739,586)
Total Invested in Capital Assets	9,355,535
Reserve from borrowing	266,052
Total Net Position - Net Investment in Capital Assets	\$ 9,621,587
	2012
Wastewater Utility	
Capital Assets net of depreciation	\$ 18,059,891
Less: related long-term debt outstanding	(6,013,344)
Total Invested in Capital Assets	12,046,547
Reserve from borrowing	223,000
Total Net Position - Net Investment in Capital Assets	\$ 12,269,547
	2012
Stormwater Utility	
Capital Assets net of depreciation	\$ 3,368,338
Less: related long-term debt outstanding	(455,000)
Total Invested in Capital Assets	2,913,338
Total Net Position - Net Investment in Capital Assets	\$ 2,913,338

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

9. 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 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 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Covered employees are required by statute to contribute one-half of the actuarially determined contribution rate for General category employees. 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. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.90%	5.90%
Executive and Elected Officials	7.05%	7.05%
Protective with Social Security	5.90%	9.00%

The payroll for the City's employees covered by the WRS for the year ended December 31, 2012 was \$4,830,664; the employer's total payroll was \$5,295,589. The total required contribution for the year ended December 31, 2012 was \$620,556, which consisted of \$335,320, or 6.9% of payroll from the employer and \$285,236, or 5.9% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$606,026 and \$570,656, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. Participants employed prior to July 1, 2011 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.

10. 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, 2012

11. Expenditures in Excess of Budget

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

	Final Budget	Actual Expenditures	Variance
Public Safety	\$ 3,893,884	\$ 3,948,587	\$ (54,703)
Public Works	956,576	996,915	(40,339)
Culture, Recreation and Education	1,167,169	1,213,169	(46,000)
Conservation and Development	101,540	118,474	(16,934)

12. Component Unit

This report contains the City of Whitewater Community Development Authority (authority), 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 community development authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

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	\$ 2,118,421	\$ 2,121,798	Custodial Credit Risk, Interest Rate risk

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

12. Component Unit (Continued)

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, 2012, \$683,391 of the CDA’s total bank balance of \$2,121,798 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$683,391

The CDA has CDs of \$1,219,010 as of 12/31/12. All are set to mature within 1 year.

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 275,172	\$ -	\$ -	\$ 275,172	N/A
Equipment	12,629	-	-	12,629	5-10
Buildings	6,087,994	-	-	6,087,994	35-40
Accumulated Depreciation					
Equipment	(11,345)	(113)	-	(11,458)	
Buildings	(121,760)	(121,868)	-	(243,628)	
Totals	\$ 6,242,690	\$ (121,981)	\$ -	\$ 6,120,709	

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 \$688,483

CITY OF WHITEWATER
Notes to Financial Statements
December 31, 2012

12. Component Unit (Continued)

f. Transfers in

The CDA recorded a transfer of \$111,803 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.

13. Economic Dependency

One of the City's Water Utility customers provides approximately 23% of the water revenue.

14. 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, 2012 may be impaired. In the opinion of management, no material adjustments will result from any such audits.

15. Prior Period Adjustment

The implementation of new accounting standards resulted in a prior period adjustment restating deferred assets related to bond issuance costs. Previously these expenses were deferred and amortized. In 2012, they were expensed. Costs previously deferred were written off against net position. See Note 1.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
Total net position as previously reported	\$ 21,048,375	\$ 29,785,753	\$ 10,566,022	\$ 16,148,594
Unamortized debt issue costs adjustment	(18,112)	(59,916)	(42,474)	(17,442)
Total net position, restated	<u>\$ 21,030,263</u>	<u>\$ 29,725,837</u>	<u>\$ 10,523,548</u>	<u>\$ 16,131,152</u>

The beginning fund balance in the general fund was reduced by \$107,000 from \$2,685,092 to \$2,578,092 to reflect deferred revenues on ambulance receivables not recognized. This did not affect the government-wide statements.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Whitewater
Whitewater, WI**

**Budget and Actual (with Budget to GAAP Differences)
General Fund
For the year ended December 31, 2012**

(Original and Final Pulled from Imported Balances)	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Property Taxes	\$ 2,497,140	\$ 2,510,140	\$ 2,542,111	-	\$ 2,542,111
Special Assessment Revenue	28,983	28,983	17,863	-	17,863
Intergovernmental	4,371,417	4,371,417	4,406,617	58,425	4,465,042
License and Permits	67,825	67,825	80,038	-	80,038
Fines, Forfeits and Penalties	453,800	453,800	371,574	-	371,574
Public Charges for Services	706,478	706,478	590,117	(1,986)	588,131
Interest Income	4,000	4,000	11,761	1,326	13,087
Miscellaneous Income	52,050	52,050	49,994	738	50,732
Total Revenues	<u>8,181,693</u>	<u>8,194,693</u>	<u>8,070,075</u>	<u>58,503</u>	<u>8,128,578</u>
EXPENDITURES					
Current:					
General Government	1,610,631	1,610,631	1,544,448	87,054	1,631,502
Public Safety	3,880,884	3,893,884	3,948,587	62,982	4,011,569
Public Works	956,576	956,576	996,915	362,607	1,359,522
Culture, Recreation and Education	1,167,169	1,167,169	1,213,169	-	1,213,169
Conservation and Development	101,540	101,540	118,474	-	118,474
Capital Outlay	-	-	-	81,050	81,050
Debt Service					
Capital lease	70,977	70,977	70,977	-	70,977
Total Expenditures	<u>7,787,777</u>	<u>7,800,777</u>	<u>7,892,570</u>	<u>593,693</u>	<u>8,486,263</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>393,916</u>	<u>393,916</u>	<u>177,505</u>	<u>(535,190)</u>	<u>(357,685)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	403,000	403,000	485,974	19,000	504,974
Transfers Out	(896,916)	(896,916)	(820,336)	659,077	(161,259)
Total Other Financing Sources and Uses	<u>(493,916)</u>	<u>(493,916)</u>	<u>(334,362)</u>	<u>678,077</u>	<u>343,715</u>
Net Change in Fund Balances	(100,000)	(100,000)	(156,857)	142,887	(13,970)
Fund Balances - Beginning restated	2,043,592	2,043,592	2,043,592	534,500	2,578,092
Fund Balances - Ending	<u>\$ 1,943,592</u>	<u>\$ 1,943,592</u>	<u>\$ 1,886,735</u>	<u>\$ 677,387</u>	<u>\$ 2,564,122</u>

SUPPLEMENTARY INFORMATION

City of Whitewater
Whitewater, WI

Balance Sheet
Combining General Fund
December 31, 2012

	General Fund	Fire Dept. Equipment Fund	DPW Equipment Revolving Fund	Police Vehicle Revolving Fund	Skate Park Fund	Solid Waste Recycling Fund	Sick Leave Severance Fund	Lakes Improvement Fund	Street Repair Rev. Fund	Total General Fund
ASSETS										
Cash and Cash Equivalents	\$ 1,750,726	\$ 112,448	\$ 153,242	\$ 24	\$ 3,211	\$ 31,276	\$ 242,424	\$ 475	\$ 176,674	\$ 2,470,500
Receivables:										
Taxes	2,955,009	-	-	-	-	-	-	-	-	2,955,009
Delinquent Personal Property Taxes	8,983	-	-	-	-	-	-	-	-	8,983
Special Assessments	34,813	-	-	-	-	-	-	-	-	34,813
Accounts	214,416	-	-	-	-	-	-	-	-	214,416
Other	78,989	-	-	-	-	-	-	-	-	78,989
Due from Other Governments	39,936	-	-	-	-	-	-	-	-	39,936
Due from Other Funds	359,947	-	-	-	-	-	-	-	-	359,947
Prepaid Expenses	62,374	-	-	-	-	-	-	-	-	62,374
Advances receivable	700	-	-	-	-	-	-	-	-	700
Total Assets	<u>\$ 5,505,893</u>	<u>\$ 112,448</u>	<u>\$ 153,242</u>	<u>\$ 24</u>	<u>\$ 3,211</u>	<u>\$ 31,276</u>	<u>\$ 242,424</u>	<u>\$ 475</u>	<u>\$ 176,674</u>	<u>\$ 6,225,667</u>
LIABILITIES										
Accounts Payable	\$ 202,597	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 203,597
Accrued Liabilities	292,664	-	-	-	-	-	-	-	-	292,664
Due to Other Funds	665	-	-	-	-	41,389	-	-	-	42,054
Total Liabilities	<u>495,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,315</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,123,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,123,230</u>
FUND BALANCE										
Nonspendable	72,057	-	-	-	-	-	-	-	-	72,057
Assigned	-	112,448	153,242	24	3,211	-	242,424	475	176,674	688,498
Unassigned	1,814,680	-	-	-	-	(11,113)	-	-	-	1,803,567
Total Fund Balance (Deficit)	<u>1,886,737</u>	<u>112,448</u>	<u>153,242</u>	<u>24</u>	<u>3,211</u>	<u>(11,113)</u>	<u>242,424</u>	<u>475</u>	<u>176,674</u>	<u># 2,564,122</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 5,505,893</u>	<u>\$ 112,448</u>	<u>\$ 153,242</u>	<u>\$ 24</u>	<u>\$ 3,211</u>	<u>\$ 31,276</u>	<u>\$ 242,424</u>	<u>\$ 475</u>	<u>\$ 176,674</u>	<u># \$ 6,225,667</u>

City of Whitewater
Whitewater, WI

**Statement of Revenues, Expenditures and Changes in Fund Balance:
Combining General Fund
For the Year Ended December 31, 2012**

	General Fund	Fire Dept. Equipment Fund	DPW Equipment Revolving Fund	Police Vehicle Revolving Fund	Skate Park Fund	Solid Waste Recycling Fund	Sick Leave Severance Fund	Lakes Improvement Fund	Street Repair Rev. Fund	Total General Fund
REVENUES										
Property Taxes	\$ 2,542,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,542,111
Special Assessment Revenue	17,863	-	-	-	-	-	-	-	-	17,863
Intergovernmental	4,406,617	-	26,628	-	-	31,797	-	-	-	4,465,042
License and Permits	80,038	-	-	-	-	-	-	-	-	80,038
Fines, Forfeits and Penalties	371,574	-	-	-	-	-	-	-	-	371,574
Public Charges for Services	590,117	-	-	-	-	(1,986)	-	-	-	588,131
Interest Income	11,761	25	198	-	-	1	981	-	121	13,087
Miscellaneous Income	49,994	738	-	-	-	-	-	-	-	50,732
Total Revenues	<u>8,070,075</u>	<u>763</u>	<u>26,826</u>	<u>-</u>	<u>-</u>	<u>29,812</u>	<u>981</u>	<u>-</u>	<u>121</u>	<u>8,128,578</u>
EXPENDITURES										
Current:										
General Government	1,544,448	-	-	-	-	-	16,501	-	70,553	1,631,502
Public Safety	3,948,587	-	-	62,982	-	-	-	-	-	4,011,569
Public Works	996,915	-	-	-	-	362,607	-	-	-	1,359,522
Culture, Recreation and Education	1,213,169	-	-	-	-	-	-	-	-	1,213,169
Conservation and Development	118,474	-	-	-	-	-	-	-	-	118,474
Capital Outlay	-	-	81,050	-	-	-	-	-	-	81,050
Debt Service										
Principal Repayment	70,977	-	-	-	-	-	-	-	-	70,977
Total Expenditures	<u>7,892,570</u>	<u>-</u>	<u>81,050</u>	<u>62,982</u>	<u>-</u>	<u>362,607</u>	<u>16,501</u>	<u>-</u>	<u>70,553</u>	<u>8,486,263</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>177,505</u>	<u>763</u>	<u>(54,224)</u>	<u>(62,982)</u>	<u>-</u>	<u>(332,795)</u>	<u>(15,520)</u>	<u>-</u>	<u>(70,432)</u>	<u>(357,685)</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	485,974	-	19,000	-	-	-	-	-	-	504,974
Transfers Out	(820,336)	50,000	40,000	50,000	-	334,077	-	-	185,000	(161,259)
Total Other Financing Sources and Uses	<u>(334,362)</u>	<u>50,000</u>	<u>59,000</u>	<u>50,000</u>	<u>-</u>	<u>334,077</u>	<u>-</u>	<u>-</u>	<u>185,000</u>	<u>343,715</u>
Net Change in Fund Balances	(156,857)	50,763	4,776	(12,982)	-	1,282	(15,520)	-	114,568	(13,970)
Fund Balances (Deficit) - Beginning	2,043,594	61,685	148,466	13,006	3,211	(12,395)	257,944	475	62,106	2,578,092
Fund Balances (Deficit) - Ending	<u>\$ 1,886,737</u>	<u>\$ 112,448</u>	<u>\$ 153,242</u>	<u>\$ 24</u>	<u>\$ 3,211</u>	<u>\$ (11,113)</u>	<u>\$ 242,424</u>	<u>\$ 475</u>	<u>\$ 176,674</u>	<u>\$ 2,564,122</u>

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Non-Major Governmental Funds
December 31, 2012**

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,087,608	\$ 46,118	\$ 1,133,726
Receivables:			
Taxes	-	30,796	30,796
Other	23,650	-	23,650
Due from Other Governments	34,481	-	34,481
Total Assets	\$ 1,145,739	\$ 76,914	\$ 1,222,653
 LIABILITIES			
Liabilities:			
Accounts Payable	\$ 29,341	-	\$ 29,341
Accrued Liabilities	4,046	-	4,046
Due to Other Funds	375	-	375
Payable to Other Governments	646	-	646
Advances Payable	-	700	700
Total Liabilities	34,408	700	35,108
 DEFERRED INFLOWS OF RESOURCES			
2012 Tax Apportionment	15,138	30,796	45,934
 FUND BALANCE			
Restricted	1,096,193	45,780	1,141,973
Unassigned	-	(362)	(362)
Total Fund Balance	1,096,193	45,418	1,141,611
Total Liabilities, Deferred Inflows and Fund Balance	\$ 1,145,739	\$ 76,914	\$ 1,222,653

**City of Whitewater
Whitewater, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2012**

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Governmental Funds
REVENUES			
Property Taxes	\$ -	\$ 28,641	\$ 28,641
Intergovernmental	401,165	170	401,335
Fines, Forfeits and Penalties	14,060	-	14,060
Public Charges for Services	134,889	-	134,889
Intergovernmental Charges for Services	308	-	308
Interest Income	7,393	108	7,501
Miscellaneous Income	81,932	-	81,932
Total Revenues	<u>676,747</u>	<u>28,919</u>	<u>705,666</u>
EXPENDITURES			
Current:			
General Government	87,472	-	87,472
Public Safety	6,993	-	6,993
Public Works	137,282	-	137,282
Culture, Recreation and Education	401,333	-	401,333
Conservation and Development	-	1,776	1,776
Capital Outlay	14,081	-	14,081
Total Expenditures	<u>647,161</u>	<u>1,776</u>	<u>648,937</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>29,586</u>	<u>27,143</u>	<u>56,729</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	21,370	-	21,370
Transfers Out	(79,000)	(42,330)	(121,330)
Transfers Out to CDA	-	(5,000)	(5,000)
Total Other Financing Sources and Uses	<u>(57,630)</u>	<u>(47,330)</u>	<u>(104,960)</u>
Net Change in Fund Balances	(28,044)	(20,187)	(48,231)
Fund Balances - Beginning	1,124,237	65,605	1,189,842
Fund Balances - Ending	<u>\$ 1,096,193</u>	<u>\$ 45,418</u>	<u>\$ 1,141,611</u>

**City of Whitewater
Whitewater, WI**

**Non-Major Special Revenue Funds
Combining Balance Sheet
December 31, 2012**

	<u>Cable TV Fund</u>	<u>Library Special Revenue Fund</u>	<u>Taxicab Grant Program Fund</u>	<u>Parkland Acquisition Fund</u>	<u>Parkland Development Fund</u>	<u>Forestry Fund</u>	<u>Rescue Squad Equipment/ Educ. Fund</u>
ASSETS							
Cash and Cash Equivalents	\$ 93,379	\$ 492,178	\$ 31,952	\$ 7,996	\$ 25,487	\$ 6,640	\$ 279,636
Receivables:							
Other	23,650	-	-	-	-	-	-
Due from Other Governments	-	-	34,481	-	-	-	-
Total Assets	<u>\$ 117,029</u>	<u>\$ 492,178</u>	<u>\$ 66,433</u>	<u>\$ 7,996</u>	<u>\$ 25,487</u>	<u>\$ 6,640</u>	<u>\$ 279,636</u>
LIABILITIES							
Accounts Payable	\$ 543	\$ 9,780	\$ 10,175	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	2,046	2,000	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	375
Payable to Other Governments	-	-	646	-	-	-	-
Total Liabilities	<u>2,589</u>	<u>11,780</u>	<u>10,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows	-	-	15,138	-	-	-	-
FUND BALANCE							
Restricted	114,440	480,398	40,474	7,996	25,487	6,640	279,261
Total Fund Balance	<u>114,440</u>	<u>480,398</u>	<u>40,474</u>	<u>7,996</u>	<u>25,487</u>	<u>6,640</u>	<u>279,261</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 117,029</u>	<u>\$ 492,178</u>	<u>\$ 66,433</u>	<u>\$ 7,996</u>	<u>\$ 25,487</u>	<u>\$ 6,640</u>	<u>\$ 279,636</u>

**City of Whitewater
Whitewater, WI**

**Non-Major Special Revenue Funds
Combining Balance Sheet
December 31, 2012**

	<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>Non-Major Special Revenue Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 27,159	\$ 53,558	\$ 23,803	\$ 45,820	\$ 1,087,608
Receivables:					
Other	-	-	-	-	23,650
Due from Other Governments	-	-	-	-	34,481
Total Assets	<u>\$ 27,159</u>	<u>\$ 53,558</u>	<u>\$ 23,803</u>	<u>\$ 45,820</u>	<u>\$ 1,145,739</u>
LIABILITIES					
Accounts Payable	\$ 165	\$ -	\$ 8,678	\$ -	\$ 29,341
Accrued Liabilities	-	-	-	-	4,046
Due to Other Funds	-	-	-	-	375
Payable to Other Governments	-	-	-	-	646
Total Liabilities	<u>165</u>	<u>-</u>	<u>8,678</u>	<u>-</u>	<u>34,408</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	-	-	-	-	15,138
FUND BALANCE					
Restricted	26,994	53,558	15,125	45,820	1,096,193
Total Fund Balance	<u>26,994</u>	<u>53,558</u>	<u>15,125</u>	<u>45,820</u>	<u>1,096,193</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 27,159</u>	<u>\$ 53,558</u>	<u>\$ 23,803</u>	<u>\$ 45,820</u>	<u>\$ 1,145,739</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, 2012**

	Cable TV Fund	Library Special Revenue Fund	Taxicab Grant Program Fund	Parkland Acquisition Fund	Parkland Development Fund	Forestry Fund	Rescue Squad Equipment/ Educ. Fund
REVENUES							
Intergovernmental	\$ -	\$ 271,197	\$ 129,968	\$ -	\$ -	\$ -	\$ -
Fines, Forfeits and Penalties	-	14,060	-	-	-	-	-
Public Charges for Services	94,601	3,782	-	-	5,591	-	-
Intergovernmental Charges for Services	-	-	-	-	-	-	308
Interest Income	351	4,585	15	-	-	38	1,952
Miscellaneous Income	794	42,717	249	2,373	7,400	-	-
Total Revenues	<u>95,746</u>	<u>336,341</u>	<u>130,232</u>	<u>2,373</u>	<u>12,991</u>	<u>38</u>	<u>2,260</u>
EXPENDITURES							
Current:							
General Government	-	-	16,170	-	-	-	-
Public Safety	-	-	-	-	-	-	3,207
Public Works	-	-	137,282	-	-	-	-
Culture, Recreation and Education	87,247	309,018	-	-	2,587	-	2,481
Capital Outlay	-	12,149	-	-	1,932	-	-
Total Expenditures	<u>87,247</u>	<u>321,167</u>	<u>153,452</u>	<u>-</u>	<u>4,519</u>	<u>-</u>	<u>5,688</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,499</u>	<u>15,174</u>	<u>(23,220)</u>	<u>2,373</u>	<u>8,472</u>	<u>38</u>	<u>(3,428)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	6,213	-	-	-	-
Transfers Out	(22,000)	-	-	-	(25,000)	(10,000)	-
Total Other Financing Sources and Uses	<u>(22,000)</u>	<u>-</u>	<u>6,213</u>	<u>-</u>	<u>(25,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balances	(13,501)	15,174	(17,007)	2,373	(16,528)	(9,962)	(3,428)
Fund Balances - Beginning	127,941	465,224	57,481	5,623	42,015	16,602	282,689
Fund Balances - Ending	<u>\$ 114,440</u>	<u>\$ 480,398</u>	<u>\$ 40,474</u>	<u>\$ 7,996</u>	<u>\$ 25,487</u>	<u>\$ 6,640</u>	<u>\$ 279,261</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, 2012**

	<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>Non-Major Special Revenue Funds</u>
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 401,165
License and Permits	-	-	-	37,000	37,000
Fines, Forfeits and Penalties	-	-	-	-	14,060
Public Charges for Services	30,915	-	-	-	134,889
Intergovernmental Charges for Services	-	-	-	-	308
Interest Income	34	320	28	70	7,393
Miscellaneous Income	-	-	28,399	-	81,932
Total Revenues	<u>30,949</u>	<u>320</u>	<u>28,427</u>	<u>37,070</u>	<u>676,747</u>
EXPENDITURES					
Current:					
General Government	-	-	40,498	30,804	87,472
Public Safety	3,786	-	-	-	6,993
Public Works	-	-	-	-	137,282
Culture, Recreation and Education	-	-	-	-	401,333
Capital Outlay	-	-	-	-	14,081
Total Expenditures	<u>3,786</u>	<u>-</u>	<u>40,498</u>	<u>30,804</u>	<u>647,161</u>
Excess (Deficiency) of Revenues Over Expenditures	27,163	320	(12,071)	6,266	29,586
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	15,157	-	21,370
Transfers Out	<u>(22,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,000)</u>
Total Other Financing Sources and Uses	<u>(22,000)</u>	<u>-</u>	<u>15,157</u>	<u>-</u>	<u>(57,630)</u>
Net Change in Fund Balances	5,163	320	3,086	6,266	(28,044)
Fund Balances - Beginning	21,831	53,238	12,039	39,554	1,124,237
Fund Balances - Ending	<u>\$ 26,994</u>	<u>\$ 53,558</u>	<u>\$ 15,125</u>	<u>\$ 45,820</u>	<u>\$ 1,096,193</u>

**City of Whitewater
Whitewater, WI**

**Non-Major Capital Project Funds
Combining Balance Sheet
December 31, 2012**

	<u>TID #5</u>	<u>TID #6</u>	<u>TID #7</u>	<u>TID #8</u>	<u>TID #9</u>	<u>Non-Major Capital Project Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 8,861	\$ 16,814	\$ 338	\$ 17,643	\$ 2,462	\$ 46,118
Receivables:						
Taxes	-	30,273	-	467	56	30,796
Total Assets	<u>\$ 8,861</u>	<u>\$ 47,087</u>	<u>\$ 338</u>	<u>\$ 18,110</u>	<u>\$ 2,518</u>	<u>\$ 76,914</u>
LIABILITIES						
Liabilities:						
Advances Payable	\$ -	\$ -	\$ 700	\$ -	\$ -	\$ 700
Total Liabilities	<u>-</u>	<u>-</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>700</u>
DEFERRED INFLOWS OF RESOURCES						
2012 Tax Apportionment	<u>-</u>	<u>30,273</u>	<u>-</u>	<u>467</u>	<u>56</u>	<u>30,796</u>
FUND BALANCE						
Restricted	8,861	16,814	-	17,643	2,462	45,780
Unassigned (deficit)	-	-	(362)	-	-	(362)
Total Fund Balance (deficit)	<u>8,861</u>	<u>16,814</u>	<u>(362)</u>	<u>17,643</u>	<u>2,462</u>	<u>45,418</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 8,861</u>	<u>\$ 47,087</u>	<u>\$ 338</u>	<u>\$ 18,110</u>	<u>\$ 2,518</u>	<u>\$ 76,914</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, 2012**

	<u>TID #5</u>	<u>TID #6</u>	<u>TID #7</u>	<u>TID #8</u>	<u>TID #9</u>	<u>Non-Major Capital Projects Funds</u>
REVENUES						
Property Taxes	\$ -	\$ 28,207	\$ -	\$ 194	\$ 240	\$ 28,641
Intergovernmental	-	170	-	-	-	170
Interest Income	-	79	-	29	-	108
Total Revenues	<u>-</u>	<u>28,456</u>	<u>-</u>	<u>223</u>	<u>240</u>	<u>28,919</u>
EXPENDITURES						
Current:						
Conservation and Development	150	1,175	150	151	150	1,776
Total Expenditures	<u>150</u>	<u>1,175</u>	<u>150</u>	<u>151</u>	<u>150</u>	<u>1,776</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(150)</u>	<u>27,281</u>	<u>(150)</u>	<u>72</u>	<u>90</u>	<u>27,143</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	(42,330)	-	-	-	(42,330)
Transfers Out to CDA	-	(5,000)	-	-	-	(5,000)
Total Other Financing Sources and Uses	<u>-</u>	<u>(47,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,330)</u>
Net Change in Fund Balances	(150)	(20,049)	(150)	72	90	(20,187)
Fund Balances (Deficit) - Beginning	9,011	36,863	(212)	17,571	2,372	65,605
Fund Balances (Deficit) - Ending	<u>\$ 8,861</u>	<u>\$ 16,814</u>	<u>\$ (362)</u>	<u>\$ 17,643</u>	<u>\$ 2,462</u>	<u>\$ 45,418</u>

**City of Whitewater
Whitewater, WI
Combining Statement of Net Position - Component Unit
December 31, 2012**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
ASSETS				
Cash and Investments	\$ 97,126	\$ 1,959,385	\$ 61,910	\$ 2,118,421
Loans receivable	-	688,483	200	688,683
Due from other CDA funds	-	15,711	-	15,711
Advance receivable from City	-	750,000	-	750,000
Capital Assets				
Land, Improvements, and Construction in Progress	-	275,172	-	275,172
Other Capital Assets, net of depreciation	1,172	5,844,366	-	5,845,538
Total Capital Assets	1,172	6,119,538	-	6,120,710
Total Assets	<u>\$ 98,298</u>	<u>\$ 9,533,117</u>	<u>\$ 62,110</u>	<u>\$ 9,693,525</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 6,231	\$ 1,446	\$ 2,990	\$ 10,667
Due to other CDA funds	15,711	-	-	15,711
Due to City	-	-	42,000	42,000
Total Liabilities	<u>21,942</u>	<u>1,446</u>	<u>44,990</u>	<u>68,378</u>
NET POSITION				
Net Investment in Capital Assets	1,172	6,119,538	-	6,120,710
Restricted	-	3,412,133	-	3,412,133
Unrestricted	75,184	-	17,120	92,304
Total Net Position	76,356	9,531,671	17,120	9,625,147
Total Liabilities and Net Position	<u>\$ 98,298</u>	<u>\$ 9,533,117</u>	<u>\$ 62,110</u>	<u>\$ 9,693,525</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Revenues, Expenses and Changes in
Net Position - Component Unit
For the Year Ended December 31, 2012**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Operating Revenues	\$ -	\$ 14,490	\$ 126,016	\$ 140,506
Operating Expenses				
Operating Expenses	88,260	7,499	140,519	236,278
Depreciation	113	121,868	-	121,981
Total Operating Expenses	<u>88,373</u>	<u>129,367</u>	<u>140,519</u>	<u>358,259</u>
Operating Income (Loss)	(88,373)	(114,877)	(14,503)	(217,753)
Non-Operating Revenues (Expenses)				
Investment Income	43	27,551	-	27,594
Miscellaneous	-	5,268	7,912	13,180
Intergovernmental and Other	10,000	-	-	10,000
Total Non Operating Revenues	<u>10,043</u>	<u>32,819</u>	<u>7,912</u>	<u>50,774</u>
Transfer in from City	<u>111,803</u>	<u>-</u>	<u>-</u>	<u>111,803</u>
Change in Net Position	33,473	(82,058)	(6,591)	(55,176)
Total Net Position - Beginning	<u>42,883</u>	<u>9,613,729</u>	<u>23,711</u>	<u>9,680,323</u>
Total Net Position - Ending	<u>\$ 76,356</u>	<u>\$ 9,531,671</u>	<u>\$ 17,120</u>	<u>\$ 9,625,147</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit
For the Year Ended December 31, 2012**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Cash Flows From Operating Activities				
Received from customers	\$ -	\$ 14,490	\$ 126,016	\$ 140,506
Loans repaid	-	(111,939)	-	(111,939)
Intergovernmental charges	10,000	-	-	10,000
Paid to suppliers for goods and services	(59,830)	(3,176)	(89,589)	(152,595)
Payments to employees for services	(22,522)	-	-	(22,522)
Net cash flows from operating activities	<u>(72,352)</u>	<u>(100,625)</u>	<u>36,427</u>	<u>(136,550)</u>
Cash Flows From Investing Activities				
Investment income	43	27,551	-	27,594
Net cash flows from investing activities	<u>43</u>	<u>27,551</u>	<u>-</u>	<u>27,594</u>
Cash Flows From Non-Capital Financing Activities				
Transfers in from City	111,803	-	-	111,803
Net cash flow from noncapital financing activities	<u>111,803</u>	<u>-</u>	<u>-</u>	<u>111,803</u>
Net increase (decrease) in cash and cash equivalents	39,494	(73,074)	36,427	2,847
Cash And Cash Equivalents - Beginning Of Year	<u>57,632</u>	<u>813,449</u>	<u>25,483</u>	<u>896,564</u>
Cash And Cash Equivalents - End Of Year	<u>\$ 97,126</u>	<u>\$ 740,375</u>	<u>\$ 61,910</u>	<u>\$ 899,411</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit
For the Year Ended December 31, 2012**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Reconciliation Of Operating Income (Loss) To Net				
Cash Flows From Operating Activities				
Operating income (loss)	\$ (88,373)	\$ (114,877)	\$ (14,503)	\$ (217,753)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Miscellaneous	10,000	5,268	7,912	23,180
Noncash items included in income (loss)				
Depreciation	113	121,868	-	121,981
Change in Assets and Liabilities				
Loans receivable	-	(111,939)	(200)	(112,139)
Due from other funds	129	-	1,566	1,695
Accounts payable	6,229	546	(348)	6,427
Due to other funds	(450)	(1,491)	42,000	40,059
	<u>\$ (72,352)</u>	<u>\$ (100,625)</u>	<u>\$ 36,427</u>	<u>\$ (136,550)</u>
Reconciliation Of Cash And Cash Equivalents To The Statement Of Net Position				
Cash and investments - statement of net position - component unit	\$ 97,126	\$ 1,959,385	\$ 61,910	\$ 2,118,421
less: Non-cash equivalents	-	(1,219,010)	-	(1,219,010)
	<u>\$ 97,126</u>	<u>\$ 740,375</u>	<u>\$ 61,910</u>	<u>\$ 899,411</u>

City of Whitewater

**Schedule of Long-Term Debt Principal Payments - Governmental Activities
December 31, 2012**

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
2013	\$ 1,890,000	\$ 460,000	\$ 665,000	\$ 150,000	\$ 230,000	\$ 50,000	\$ 180,000	\$ 70,000	\$ 85,000
2014	2,060,000	475,000	780,000	145,000	230,000	115,000	175,000	55,000	85,000
2015	2,115,000	495,000	835,000	145,000	190,000	165,000	135,000	60,000	90,000
2016	2,465,000	-	875,000	140,000	125,000	170,000	895,000	35,000	225,000
2017	2,450,000	-	910,000	-	40,000	175,000	915,000	75,000	335,000
2018	1,545,000	-	-	-	-	180,000	935,000	90,000	340,000
2019	1,230,000	-	-	-	-	185,000	690,000	95,000	260,000
2020	1,260,000	-	-	-	-	190,000	710,000	95,000	265,000
2021	685,000	-	-	-	-	195,000	-	220,000	270,000
2022	705,000	-	-	-	-	205,000	-	225,000	275,000
2023	725,000	-	-	-	-	210,000	-	235,000	280,000
2024	750,000	-	-	-	-	220,000	-	240,000	290,000
2025	775,000	-	-	-	-	230,000	-	250,000	295,000
2026	680,000	-	-	-	-	235,000	-	145,000	300,000
2027	700,000	-	-	-	-	245,000	-	150,000	305,000
2028	570,000	-	-	-	-	255,000	-	-	315,000
2029	590,000	-	-	-	-	265,000	-	-	325,000
2030	335,000								335,000
2031	345,000								345,000
Totals	\$ 21,875,000	\$ 1,430,000	\$ 4,065,000	\$ 580,000	\$ 815,000	\$ 3,290,000	\$ 4,635,000	\$ 2,040,000	\$ 5,020,000

City of Whitewater

**Schedule of Long-Term Debt Interest Payments - Governmental Activities
December 31, 2012**

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
2013	\$ 744,716	\$ 51,480	\$ 152,437	\$ 15,550	\$ 17,985	\$ 163,300	\$ 110,762	\$ 80,778	\$ 152,424
2014	655,183	34,920	127,500	12,175	13,845	161,900	107,612	79,693	117,538
2015	591,966	17,820	98,250	8,188	9,015	158,680	104,550	78,648	116,815
2016	524,529	-	66,938	4,200	4,455	153,400	102,188	77,298	116,050
2017	454,711	-	34,125	-	1,080	147,280	84,288	76,388	111,550
2018	385,293	-	-	-	-	140,280	65,988	74,175	104,850
2019	342,205	-	-	-	-	132,630	40,275	71,250	98,050
2020	305,961	-	-	-	-	124,028	21,300	67,783	92,850
2021	266,487	-	-	-	-	114,812	-	64,125	87,550
2022	241,972	-	-	-	-	105,062	-	55,435	81,475
2023	216,331	-	-	-	-	94,608	-	46,435	75,288
2024	189,135	-	-	-	-	83,582	-	36,565	68,988
2025	140,290	-	-	-	-	71,702	-	26,125	42,463
2026	129,366	-	-	-	-	58,938	-	14,750	55,678
2027	101,520	-	-	-	-	45,542	-	7,500	48,478
2028	72,185	-	-	-	-	31,332	-	-	40,853
2029	48,695	-	-	-	-	16,032	-	-	32,663
2030	22,100	-	-	-	-	-	-	-	22,100
2031	11,213	-	-	-	-	-	-	-	11,213
Totals	\$ 5,443,858	\$ 104,220	\$ 479,250	\$ 40,113	\$ 46,380	\$ 1,803,108	\$ 636,963	\$ 856,948	\$ 1,476,876