



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

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

Enterprise Funds of the
City of Whitewater, Wisconsin

FINANCIAL STATEMENTS

December 31, 2014 and 2013

Quality service through our commitment to clients and staff.

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

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

May 4, 2015

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

We have audited the accompanying financial statements of the Whitewater Municipal Water, Wastewater, and Stormwater Utilities, enterprise funds of the City of Whitewater, Wisconsin, as of the years ended December 31, 2014 and 2013, which collectively comprise the utilities' basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Whitewater Municipal Water, Wastewater, and Stormwater Utilities, enterprise funds of the City of Whitewater, Wisconsin, as of the years ended December 31, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Report on Required Supplementary Information

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

Report on Supplemental Information

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

Johnson Block & Company, Inc.

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

WATER UTILITY

WHITEWATER MUNICIPAL WATER UTILITY
Whitewater, WI

Statements of Net Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 994,333	\$ 803,873
Receivables		
Accounts	144,220	139,571
Interest	4,480	4,480
Due from Other Funds	33,835	27,832
Inventories	12,356	12,356
Total Current Assets	1,189,224	988,112
Restricted:		
Restricted Cash	459,873	415,961
Total Restricted Assets	459,873	415,961
Capital Assets:		
Land and Improvements	17,938,218	17,573,421
Less Accumulated Depreciation	(6,054,135)	(5,671,034)
Net Capital Assets	11,884,083	11,902,387
Noncurrent Assets:		
Special Assessments	951	1,426
Total Noncurrent Assets	951	1,426
Total Assets	\$ 13,534,131	\$ 13,307,886

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL WATER UTILITY
Whitewater, WI

Statements of Net Position
December 31, 2014 and 2013

	2014	2013
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 32,864	\$ 18,139
Accrued Liabilities	10,877	9,237
Accrued Interest Payable	17,443	14,287
Due to Other Funds	74,810	24,110
Compensated Absences	26,565	26,688
Current Portion of Long-Term Debt	449,083	410,710
Total Current Liabilities	611,642	503,171
Non-Current Liabilities:		
Long-Term Debt		
Notes and Bonds Payable	1,989,083	1,928,166
Total Long-Term Debt	1,989,083	1,928,166
Other Liabilities		
Compensated Absences	62,477	61,255
Total Other Liabilities	62,477	61,255
Total Non-Current Liabilities	2,051,560	1,989,421
Total Liabilities	2,663,202	2,492,592
NET POSITION		
Net Investment in Capital Assets	9,711,968	9,829,563
Restricted	162,893	135,622
Unrestricted	996,068	850,109
Total Net Postion	10,870,929	10,815,294
Total Liabilities and Position	\$ 13,534,131	\$ 13,307,886

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL WATER UTILITY
Whitewater, WI

Statements of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for Services	\$ 1,709,494	\$ 1,706,404
Total Operating Revenues	1,709,494	1,706,404
 OPERATING EXPENSES		
Operation and Maintenance	901,268	972,461
Depreciation	387,877	382,285
Total Operating Expenses	1,289,145	1,354,746
Operating Income (Loss)	420,349	351,658
 NON-OPERATING REVENUES (EXPENSES)		
Interest and Investment Revenue	1,176	1,399
Miscellaneous Non-Operating Revenue	175	1,113
Interest Expense	(63,330)	(70,371)
Total Non-Operating Revenue (Expenses)	(61,979)	(67,859)
Income (Loss) Before Contributions and Transfers	358,370	283,799
 Special Item - Refund of Prior Years' Revenue	-	(32,851)
 Capital Contributions	475	475
Capital Contributions transferred in from City	-	57,779
Transfers Out (Tax Equivalent)	(303,210)	(289,101)
Change in Net Position	55,635	20,101
Total Net Position - Beginning	10,815,294	10,795,193
Total Net Position - Ending	\$ 10,870,929	\$ 10,815,294

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL WATER UTILITY
Whitewater, WI

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 1,704,845	\$ 1,710,324
Payments to suppliers	(337,560)	(539,294)
Payments to employees	(479,523)	(431,611)
Taxes paid	(303,210)	(289,101)
Net cash provided (used) by operating activities	584,552	450,318
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Proceeds of special assessments	475	475
Acquisition and construction of plant assets	(390,947)	(152,571)
Proceeds of debt	510,000	-
Principal payments on long-term debt	(410,710)	(400,710)
Interest paid	(60,174)	(67,292)
Net cash provided (used) by capital and related financing activities	(351,356)	(620,098)
<u>Cash Flows From Investing Activities:</u>		
Interest on investments	1,176	1,399
Net cash provided from investing activities	1,176	1,399
Net increase (decrease) in cash and equivalents	234,372	(168,381)
Cash and equivalents - beginning of year	1,189,834	1,358,215
Cash and equivalents - end of year	\$ 1,424,206	\$ 1,189,834
<u>Noncash Capital and Related Financing Activities:</u>		
City financed additions to utility plant	\$ 475	\$ 58,254

See accompanying notes to the basic financial statements.

WHITEWATER MUNICIPAL WATER UTILITY
Whitewater, WI

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	2014	2013
Operating income	\$ 420,349	\$ 318,807
Joint meter	21,849	21,274
Cash Provided by Operating Activities:		
Depreciation	387,877	382,285
Transfer out (tax equivalent)	(303,210)	(289,101)
Changes in Assets and Liabilities:		
Customer accounts receivable	(4,649)	3,920
Due from/to other funds	44,697	8,445
Other	175	1,113
Accounts payable	14,725	(15,397)
Accrued liabilities	2,739	18,972
Net cash provided (used) by operating activities	<u>\$ 584,552</u>	<u>\$ 450,318</u>
Reconciliation of cash and cash equivalents to statements of net assets accounts		
Cash and cash equivalents	\$ 994,333	\$ 803,873
Restricted Cash	459,873	415,961
Total cash and investments	<u>1,454,206</u>	<u>1,219,834</u>
Less: Noncash equivalents	<u>(30,000)</u>	<u>(30,000)</u>
Cash and Cash Equivalents	<u>\$ 1,424,206</u>	<u>\$ 1,189,834</u>

See accompanying notes to the basic financial statements.

WASTEWATER UTILITY

WHITEWATER MUNICIPAL WASTEWATER UTILITY
Whitewater, WI

Statements of Net Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 944,458	\$ 1,324,625
Receivables		
Accounts	246,390	220,850
Interest	1,559	1,559
Total Current Assets	1,192,407	1,547,034
Restricted:		
Restricted Cash and Cash Equivalents	2,479,339	2,680,226
Total Restricted Assets	2,479,339	2,680,226
Capital Assets:		
Land and Improvements	40,695,901	39,935,987
Less Accumulated Depreciation	(23,931,004)	(22,794,245)
Net Capital Assets	16,764,897	17,141,742
Noncurrent Assets		
Property Held for Resale	205,026	-
Total Noncurrent Assets	205,026	-
Total Assets	\$ 20,641,669	\$ 21,369,002

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL WASTEWATER UTILITY
Whitewater, WI

Statements of Net Position
December 31, 2014 and 2013

	2014	2013
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 149,697	\$ 19,597
Accrued Liabilities	21,979	21,058
Accrued Interest Payable	21,691	21,677
Due to Other Funds	74,901	33,832
Compensated Absences	41,094	37,735
Current Portion of Long-Term Debt	599,092	585,215
Total Current Liabilities	908,454	719,114
Non-Current Liabilities:		
Long-Term Debt		
Capital Lease Obligation	-	13,476
Compensated Absences	52,846	51,252
Notes Payable	30,917	61,834
Bonds and Loans Payable	4,509,795	4,857,969
Total Long-Term Debt	4,593,558	4,984,531
Total Liabilities	5,502,012	5,703,645
NET POSITION		
Net Investment in Capital Assets	12,053,119	11,864,809
Restricted	2,188,758	2,435,549
Unrestricted	897,780	1,364,999
Total Net Position	15,139,657	15,665,357
Total Liabilities and Net Position	\$ 20,641,669	\$ 21,369,002

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL WASTEWATER UTILITY
Whitewater, WI

Statements of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for Services	\$ 2,271,294	\$ 2,301,153
Total Operating Revenues	2,271,294	2,301,153
 OPERATING EXPENSES		
Operation and Maintenance	1,547,012	1,342,542
Depreciation	1,174,463	1,158,826
Total Operating Expenses	2,721,475	2,501,368
Operating Income (Loss)	(450,181)	(200,215)
 NON-OPERATING REVENUES (EXPENSES)		
Interest and Investment Revenue	4,236	5,684
Miscellaneous Non-Operating Revenue	2,765	1,300
Interest Expense	(139,064)	(152,922)
Total Non-Operating Revenue (Expenses)	(132,063)	(145,938)
Income (Loss) Before Contributions and Transfers	(582,244)	(346,153)
 Special Item - Refund of Prior Years' Revenue	-	(131,346)
 Capital Contributions	56,544	60,192
Capital Contributions transferred in from City	-	10,250
Change in Net Position	(525,700)	(407,057)
Total Net Position - Beginning	15,665,357	16,072,414
Total Net Position - Ending	\$ 15,139,657	\$ 15,665,357

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL WASTEWATER UTILITY
Whitewater, WI

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 2,245,754	\$ 2,309,155
Payments to suppliers	(605,523)	(661,322)
Payments to employees	(849,944)	(800,034)
Net cash provided (used) by operating activities	790,287	847,799
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of plant assets	(857,837)	(209,153)
Proceeds of debt	220,000	47,502
Principal payments on long-term debt	(598,690)	(565,430)
Interest paid	(139,050)	(152,195)
Capital grants	-	60,192
Net cash provided (used) by capital and related financing activities	(1,375,577)	(819,084)
<u>Cash Flows From Investing Activities:</u>		
Interest on investments	4,236	5,684
Net cash provided (used) by investing activities	4,236	5,684
Net increase (decrease) in cash and equivalents	(581,054)	34,399
Cash and equivalents - beginning of year	3,714,601	3,680,202
Cash and equivalents - end of year	\$ 3,133,547	\$ 3,714,601
<u>Noncash capital and related Financing Activities:</u>		
Plant additions financed through accounts payable	\$ 66,414	\$ -
City financed additions to utility plant	\$ 56,544	\$ 10,250

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL WASTEWATER UTILITY
Whitewater, WI

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	2014	2013
Operating income (loss)	\$ (450,181)	\$ (331,561)
Prior period adjustment	-	-
Joint meter	(21,849)	(21,274)
Cash Provided by Operating Activities:		
Amortization	-	-
Depreciation	1,174,463	1,158,826
Changes in Assets and Liabilities:		
Customer accounts receivable	(25,540)	8,002
Due from/to other funds	41,069	4,702
Other assets	2,765	1,300
Accounts payable	63,688	10,043
Accrued liabilities	5,872	17,761
Net cash provided (used) by operating activities	\$ 790,287	\$ 847,799

**Reconciliation of cash and cash equivalents to statements
of net assets accounts**

Cash and cash equivalents	\$ 944,458	\$ 1,324,625
Restricted Cash	2,479,339	2,680,226
Total cash and investments	3,423,797	4,004,851
Less: Noncash equivalents	(290,250)	(290,250)
Cash and Cash Equivalents	\$ 3,133,547	\$ 3,714,601

See accompanying notes to the financial statements.

STORMWATER UTILITY

WHITEWATER MUNICIPAL STORMWATER UTILITY
Whitewater, WI

Statements of Net Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 193,440	\$ 304,061
Receivables		
Accounts	34,568	42,295
Total Current Assets	228,008	346,356
Restricted:		
Restricted Cash Equivalents	700,000	-
Total Restricted Assets	700,000	-
Capital Assets:		
Utility Plant	4,201,560	3,702,246
Less Accumulated Depreciation	(287,591)	(247,301)
Net Capital Assets	3,913,969	3,454,945
Total Assets	\$ 4,841,977	\$ 3,801,301

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL STORMWATER UTILITY
Whitewater, WI

Statements of Net Position
December 31, 2014 and 2013

	2014	2013
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 53,524	\$ 19,123
Accrued Liabilities	-	600
Accrued Interest Payable	10,463	1,806
Due to Other Funds	65,707	38,954
Compensated Absences	10,032	9,169
Current Portion of Long-Term Debt:	65,000	-
Total Current Liabilities	204,726	69,652
Non-Current Liabilities:		
Compensated Absences	22,856	20,596
Notes Payable	435,000	455,000
Bonds and Loans Payable	860,000	-
Total Other Liabilities	1,317,856	475,596
Total Liabilities	1,522,582	545,248
NET POSITION		
Net Investment in Capital Assets	3,253,969	2,999,945
Unrestricted	65,426	256,108
Total Net Position	3,319,395	3,256,053
Total Liabilities and Net Position	\$ 4,841,977	\$ 3,801,301

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL STORMWATER UTILITY
Whitewater, WI

Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for Services	\$ 445,753	\$ 412,803
Total Operating Revenues	445,753	412,803
 OPERATING EXPENSES		
Operation and Maintenance	280,173	277,258
Depreciation	52,951	49,084
Total Operating Expenses	333,124	326,342
Operating Income (Loss)	112,629	86,461
 NON-OPERATING REVENUES (EXPENSES)		
Interest Expense	(27,787)	(15,771)
Total Non-Operating Revenue (Expenses)	(27,787)	(15,771)
Income (Loss) Before Contributions and Transfers	84,842	70,690
 Capital Contributions transferred in from City	-	67,590
Transfers Out	(21,500)	(21,500)
Change in Net Position	63,342	116,780
Total Net Position - Beginning	3,256,053	3,139,273
Total Net Position - Ending	\$ 3,319,395	\$ 3,256,053

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL STORMWATER UTILITY
Whitewater, WI

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 453,480	\$ 393,940
Payments to suppliers	(103,643)	(65,291)
Payments to employees	(185,444)	(192,302)
Net cash provided (used) by operating activities	164,393	136,347
 <u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of plant assets	(460,884)	(51,307)
Proceeds of debt	905,000	-
Interest paid	(19,130)	(13,965)
Net cash provided for (used by) for capital and related financing activities	424,986	(65,272)
Net increase (decrease) in cash and equivalents	589,379	71,075
Cash and equivalents - beginning of year	304,061	232,986
Cash and equivalents - end of year	\$ 893,440	\$ 304,061
 <u>Noncash capital and related Financing Activities:</u>		
Plant additions financed through accounts payable	\$ 51,091	\$ 16,794
City financed additions to utility plant	\$ -	\$ 67,590

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL STORMWATER UTILITY
Whitewater, WI

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

Reconciliation of operating income (loss) to net cash	2014	2013
provided (used) by operating activities		
Operating income (loss)	\$ 112,629	\$ 86,461
Adjustments to Reconcile Operating Income (Loss) to Net Assets		
Cash Provided by Operating Activities:		
Depreciation	52,951	49,084
Transfer out	(21,500)	(21,500)
Changes in Assets and Liabilities:		
Customer accounts receivable	7,727	(18,863)
Due from/to other funds	26,753	37,942
Accounts payable	(16,690)	(3,133)
Accrued liabilities	2,523	6,356
Net cash provided for (used by) by operating activities	\$ 164,393	\$ 136,347
 Reconciliation of cash and cash equivalents to statements		
of net assets accounts		
Cash and cash equivalents	\$ 893,440	\$ 304,061
Total cash and investments	893,440	304,061
 Cash and Cash Equivalents	\$ 893,440	\$ 304,061

See accompanying notes to the financial statements.

WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

Notes to Financial Statements December 31, 2014 and 2013

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and deferred outflows of resources, and liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

Notes to Financial Statements December 31, 2014 and 2013

1. Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities and Net Position

1) Deposits and Investments

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

Investments of the utilities' funds are restricted by state statutes. Investments are limited to:

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

The utilities have adopted an investment policy. The policy follows the state statutes for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

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

**Notes to Financial Statements
December 31, 2014 and 2013**

C. Assets, Liabilities and Net Position (Continued)

2) Receivables/Payables

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

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

3) Materials and Supplies

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

4) Restricted Assets

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

5) Special Assessments Receivable

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

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

**Notes to Financial Statements
December 31, 2014 and 2013**

C. Assets, Liabilities and Net Position (Continued)

6) Capital Assets

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

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

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

Stormwater Plant

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

7) Compensated Absences

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

8) Long-Term Obligations

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

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

**Notes to Financial Statements
December 31, 2014 and 2013**

C. Assets, Liabilities and Net Position (Continued)

9) Revenues and Expenses

The utilities distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the utilities are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

10) Charges for Services

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

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

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

11) Capital Contributions

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

12) Connection Fees

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

13) Transfers

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

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

**Notes to Financial Statements
December 31, 2014 and 2013**

2. Deposits and Investments

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

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

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

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

Custodial Credit Risk

Deposits:

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

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

	<u>2014</u>	<u>2013</u>
	Carrying	Carrying
	Value	Value
Deposits in local financial institutions	<u>\$ 6,165,644</u>	<u>\$ 5,528,746</u>
Deposits exposed to custodial credit risk	<u>\$ 6,165,644</u>	<u>\$ 5,528,746</u>

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

WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

Notes to Financial Statements December 31, 2014 and 2013

2. Deposits and Investments (Continued)

Investments:

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

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

The utilities' investment policy does not address this risk.

Credit Risk

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

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

Interest Rate Risk

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

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

Reconciliation to the Financial Statements

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

	2014	2013
Carrying value of deposits	<u>\$ 6,165,644</u>	<u>\$ 5,528,746</u>
	<u>\$ 6,165,644</u>	<u>\$ 5,528,746</u>
Cash and cash equivalents water	\$ 994,333	\$ 803,873
Cash and cash equivalents wastewater	944,458	1,324,625
Restricted cash water	459,873	415,961
Restricted cash wastewater	2,479,339	2,680,226
Cash and cash equivalents stormwater	893,440	304,061
	<u>\$ 5,771,443</u>	<u>\$ 5,528,746</u>

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

**Notes to Financial Statements
December 31, 2014 and 2013**

3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ending December 31, 2014 and 2013:

Due To	Due From	2014		2013	
		Amount	Principal Purpose	Amount	Principal Purpose
Water	Wastewater	\$ 33,835	General operations	\$ 27,832	General operations
Municipality	Water	\$ 74,810	General operations	\$ 24,110	General operations
Municipality	Wastewater	\$ 41,067	General operations	\$ 6,000	General operations
Municipality	Stormwater	\$ 65,707	Operations	\$ 17,454	Operations
Municipality	Stormwater	\$ -		\$ 21,500	Equipment

The following is a schedule of transfer balances for the years ending December 31, 2014 and 2013:

Transfer to	Transfer from	2014		2013	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water	\$ 303,210	Tax equivalent	\$ 289,101	Tax equivalent
Municipality	Stormwater	\$ 21,500	Capital contributions	\$ 57,779	Capital contributions
Wastewater	Municipality	\$ -		\$ 10,250	Capital contributions
Municipality	Stormwater	\$ -		\$ 21,500	Operations equipment
Stormwater	Municipality	\$ -		\$ 67,590	Capital contributions

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

**Notes to Financial Statements
December 31, 2014 and 2013**

4. Restricted Assets

Revenue Bond Accounts

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

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

Replacement Account

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

Restricted Net Position

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

	2014	2013
Restricted Assets		
Redemption account	\$ 180,336	\$ 149,909
Reserve account	279,537	266,052
Total Restricted Assets	459,873	415,961
Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	(279,537)	(266,052)
Current Liabilities Payable From Restricted Assets	(17,443)	(14,287)
Total Restricted Net Position as Calculated	\$ 162,893	\$ 135,622

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

**Notes to Financial Statements
December 31, 2014 and 2013**

4. Restricted Assets (Continued)

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

	<u>2014</u>	<u>2013</u>
Restricted Assets		
Redemption account	\$ 280,725	\$ 507,864
Reserve account	268,890	223,000
Depreciation account	25,000	25,000
Connection account	304,998	306,988
Replacement account	<u>1,599,726</u>	<u>1,617,374</u>
Total Restricted Assets	<u>2,479,339</u>	<u>2,680,226</u>
 Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	<u>(268,890)</u>	<u>(223,000)</u>
 Current Liabilities Payable From Restricted Assets	<u>(21,691)</u>	<u>(21,677)</u>
 Total Restricted Net Position as Calculated	<u><u>\$ 2,188,758</u></u>	<u><u>\$ 2,435,549</u></u>

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

**Notes to Financial Statements
December 31, 2014 and 2013**

5. Changes in Capital Assets

Water Utility

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 6,727	\$ -	\$ -	\$ 6,727
Total Capital Assets Not Being Depreciated	<u>6,727</u>	<u>-</u>	<u>-</u>	<u>6,727</u>
Capital assets being depreciated				
Source of supply	633,563	-	-	633,563
Pumping	1,197,906	-	-	1,197,906
Water treatment	1,458,742	-	-	1,458,742
Transmission and distribution	13,839,070	386,865	26,625	14,199,310
Administrative and general assets	437,413	4,557	-	441,970
Total Capital Assets Being Depreciated	<u>17,566,694</u>	<u>391,422</u>	<u>26,625</u>	<u>17,931,491</u>
Total Capital Assets	<u>17,573,421</u>	<u>391,422</u>	<u>26,625</u>	<u>17,938,218</u>
Less: Accumulated depreciation	<u>5,671,034</u>	<u>409,726</u>	<u>26,625</u>	<u>6,054,135</u>
Net Capital Assets	<u>\$ 11,902,387</u>	<u>\$ (18,304)</u>	<u>\$ -</u>	<u>\$ 11,884,083</u>

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

**Notes to Financial Statements
December 31, 2014 and 2013**

5. Changes in Capital Assets (Continued)

A summary of changes in water capital assets for 2013 follows:

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

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

**Notes to Financial Statements
December 31, 2014 and 2013**

5. Changes in Capital Assets (Continued)

Wastewater Utility

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

<u>Wastewater</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Construction in progress	\$ -	\$ 559,403	\$ -	\$ 559,403
Land and land rights	168,179	-	-	168,179
Total Capital Assets Not Being Depreciated	<u>168,179</u>	<u>559,403</u>	<u>-</u>	<u>727,582</u>
Capital Assets Being Depreciated				
Collection system	12,856,941	195,934	15,855	13,037,020
Treatment and disposal	25,913,581	-	-	25,913,581
General	997,285	20,433	-	1,017,718
Total Capital Assets Being Depreciated	<u>39,767,807</u>	<u>216,367</u>	<u>15,855</u>	<u>39,968,319</u>
Total Capital Assets	39,935,986	775,770	15,855	40,695,901
Less: Accumulated Depreciation	<u>22,794,245</u>	<u>1,152,614</u>	<u>15,855</u>	<u>23,931,004</u>
Net Capital Assets	<u>\$ 17,141,741</u>	<u>\$ (376,844)</u>	<u>\$ -</u>	<u>\$ 16,764,897</u>

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

**Notes to Financial Statements
December 31, 2014 and 2013**

5. Changes in Capital Asset (Continued)

A summary of changes in wastewater capital assets for 2013 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 560,542	\$ -	560,542	\$ -
Land and land rights	168,179	-	-	168,179
Total Capital Assets Not Being Depreciated	<u>728,721</u>	<u>-</u>	<u>560,542</u>	<u>168,179</u>
Capital Assets Being Depreciated				
Collection system	12,685,414	171,901	374	12,856,941
Treatment and disposal	25,305,538	608,044	-	25,913,582
General	997,285	-	-	997,285
Total Capital Assets Being Depreciated	<u>38,988,237</u>	<u>779,945</u>	<u>374</u>	<u>39,767,808</u>
Total Capital Assets	39,716,958	779,945	560,916	39,935,987
Less: Accumulated Depreciation	<u>21,657,067</u>	<u>1,137,552</u>	<u>374</u>	<u>22,794,245</u>
Net Capital Assets	<u>\$ 18,059,891</u>	<u>\$ (357,607)</u>	<u>\$ 560,542</u>	<u>\$ 17,141,742</u>

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

**Notes to Financial Statements
December 31, 2014 and 2013**

5. Changes in Capital Asset (Continued)

Stormwater Utility

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

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

A summary of changes in stormwater capital assets for 2013 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Stormwater</u>				
Capital Assets Being Depreciated				
Infrastructure	\$ 3,569,449	\$ 135,691	\$ 2,894	\$ 3,702,246
Less: Accumulated depreciation	<u>201,111</u>	<u>49,084</u>	<u>2,894</u>	<u>247,301</u>
Net Capital Assets	<u><u>\$ 3,368,338</u></u>	<u><u>\$ 86,607</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,454,945</u></u>

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

**Notes to Financial Statements
December 31, 2014 and 2013**

6. Long-Term Obligations

Long-Term Obligations Summary – Water

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

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

Long-term debt activity for the year ended December 31, 2013 for the water utility is as follows:

	Balance 1/01/2013	Additions	Reductions	Balance 12/31/2013	Due Within One Year
Revenue Bonds	\$ 2,490,000	\$ -	\$ 340,000	\$ 2,150,000	\$ 350,000
GO Notes and Bonds	249,586	-	60,710	188,876	60,710
Vested Compensated Absences	50,259	10,996	-	61,255	-
Total Other Liabilities	<u>\$ 2,789,845</u>	<u>\$ 10,996</u>	<u>\$ 400,710</u>	<u>\$ 2,400,131</u>	<u>\$ 410,710</u>

Long-Term Obligations Summary – Wastewater

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

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

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

**Notes to Financial Statements
December 31, 2014 and 2013**

6. Long-Term Obligations (Continued)

Long-Term Obligations Summary – Wastewater (Continued)

Long-term debt activity for the year ended December 31, 2013 for the wastewater utility is as follows:

	Balance 1/01/2013	Additions	Reductions	Balance 12/31/2013	Due Within One Year
Revenue Bonds	\$ 5,892,929	\$ 47,502	\$ 531,622	\$ 5,408,809	\$ 550,840
GO Notes and Bonds	120,414	-	29,290	91,124	29,290
Capital Lease	23,081	-	4,520	18,561	5,085
Vested Compensated Absences	42,834	8,418	-	51,252	-
Total Other Liabilities	<u>\$ 6,079,258</u>	<u>\$ 55,920</u>	<u>\$ 565,432</u>	<u>\$ 5,569,746</u>	<u>\$ 585,215</u>

Long-Term Obligations Summary – Stormwater

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

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

Long-term debt activity for the year ended December 31, 2013 for the stormwater utility is as follows:

	Balance 1/01/2013	Additions	Reductions	Balance 12/31/2013	Due Within One Year
GO Notes and Bonds	\$ 455,000	\$ -	\$ -	\$ 455,000	\$ -
Vest Compensated Absences	15,581	5,015	-	20,596	-
Total Other Liabilities	<u>\$ 470,581</u>	<u>\$ 5,015</u>	<u>\$ -</u>	<u>\$ 475,596</u>	<u>\$ -</u>

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

**Notes to Financial Statements
December 31, 2014 and 2013**

6. Long-Term Obligations (Continued)

Long-term Debt – Water

The following are water debt issues outstanding:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/14</u>
<u>Water Utility</u>					
2010 Mortgage Revenue Bonds	9/7/2010	10/1/2015	2.0%	\$ 1,215,000	\$ 255,000
2011 Mortgage Revenue Bonds	6/7/2011	10/1/2026	1.6-4.0%	940,000	790,000
2012 Mortgage Revenue Bonds	5/17/2012	10/1/2027	0.85-2.85%	855,000	755,000
			Total Water Utility Revenue Bonds		<u>1,800,000</u>
2010 GO Promissory Note	2/9/2010	12/1/2016	1.2-2.7%	428,343	128,166
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	510,000	510,000
			Total Water Utility Long-Term Debt		<u><u>\$ 2,438,166</u></u>

Water debt service requirements to maturity are as follows:

<u>Year</u>	Water Totals		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	449,083	52,674	501,757
2016	199,083	56,661	255,744
2017	140,000	50,089	190,089
2018	145,000	47,046	192,046
2019	145,000	43,829	188,829
2020-2024	815,000	159,586	974,586
2025-2029	545,000	42,063	587,063
	<u>\$ 2,438,166</u>	<u>\$ 451,948</u>	<u>\$ 2,890,114</u>

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

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

**Notes to Financial Statements
December 31, 2014 and 2013**

6. Long-Term Obligations (Continued)

Long-term Debt – Wastewater

The following wastewater debt issues are outstanding:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/14</u>
<u>Wastewater Utility</u>					
1996 Clean Water Fund Loan	7/24/1996	5/1/2016	3.08%	\$ 1,563,900	\$ 210,805
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	784,109	2,352,659
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	115,954	430,000
2010 Revenue Bonds	2/9/2010	5/1/2016	2.0-3.25%	1,230,000	559,506
2012 Revenue Bonds	5/17/2012	11/1/2027	0.85-2.85%	1,485,000	1,305,000
	Total Wastewater Utility Revenue Bonds				4,857,970
2010 GO Promissory Note	2/9/2010	12/1/2016	1.2-2.7%	206,657	61,834
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	220,000	220,000
	Total Wastewater Utility Long-Term Debt				<u>\$ 5,139,804</u>

Wastewater debt service requirements to maturity are as follows:

<u>Year</u>	Wastewater Totals		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	599,093	129,753	728,846
2016	616,644	112,317	728,961
2017	268,205	99,849	368,054
2018	277,809	93,209	371,018
2019	282,544	86,326	368,870
2020-2024	1,523,584	318,586	1,842,170
2025-2029	1,493,808	108,371	1,602,179
2030-2031	78,117	1,886	80,003
	<u>\$ 5,139,804</u>	<u>\$ 950,297</u>	<u>\$ 6,090,101</u>

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

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

**Notes to Financial Statements
December 31, 2014 and 2013**

6. Long-Term Obligations (Continued)

Long-term Debt – Stormwater

The following stormwater debt issue is outstanding:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/14</u>
<u>Stormwater Utility</u>					
2012 GO Refunding Bonds	5/17/2012	9/1/2031	0.85-3.25%	\$ 455,000	\$ 455,000
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	905,000	905,000
			Total Stormwater Utility		<u><u>\$ 1,360,000</u></u>

Stormwater debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	65,000	32,775	97,775
2016	70,000	28,350	98,350
2017	75,000	27,600	102,600
2018	75,000	26,760	101,760
2019	75,000	25,700	100,700
2020-2024	445,000	105,445	550,445
2025-2029	495,000	51,901	546,901
2030-2031	60,000	2,925	62,925
	<u><u>\$ 1,360,000</u></u>	<u><u>\$ 301,456</u></u>	<u><u>\$ 1,661,456</u></u>

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

**Notes to Financial Statements
December 31, 2014 and 2013**

6. Long-Term Obligations (Continued)

Bond Covenant Disclosures

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

Insurance

The utilities are exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

The utilities are covered under the following insurance policies as of December 31, 2014:

Type	Coverage	
Cities and Villages Mutual Insurance		
General Liability	\$ 10,000,000	BI & PD
Automobile	10,000,000	BI & PD
Workers Compensation	Statutory	
Law Enforcement	10,000,000	
Public Officials	10,000,000	
Employment Liability	1,000,000	
Motor Vehicle Comprehensive –		
Replacement Cost	6,870,348	
Motor Vehicle Collision	6,870,348	
Uninsured Motorist	25,000	
Prior Acts	10,000,000	
Prior Errors & Omission	10,000,000	
Local Government Insurance Fund		
Building/Personal Property/Inland Marine	70,341,676	
Contractors Equipment	2,346,881	
Monies and Securities	10,000	
Employee Tools	52,000	

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

**Notes to Financial Statements
December 31, 2014 and 2013**

6. Long-Term Obligations (Continued)

Debt Coverage – Water

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

	2014	2013
Operating revenues	\$ 1,709,494	\$ 1,673,553
Investment income	1,176	1,399
Less: Operation and maintenance expenses	(901,268)	(972,461)
Net Defined Earnings	\$ 809,402	\$ 702,491
Minimum Required Earnings per Resolution:		
Highest annual debt service revenue bonds	\$ 418,156	\$ 418,156
Coverage factor	1.20	1.20
Minimum Required Earnings	\$ 501,787	\$ 501,787

The water utility increased rates late in 2011.

Debt Coverage – Wastewater

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

	2014	2013
Operating revenues	\$ 2,271,294	\$ 2,169,807
Investment income	4,236	5,684
Connection fees	56,544	30,192
Less: Operation and maintenance expenses	(1,547,012)	(1,342,542)
Net Defined Earnings	\$ 785,062	\$ 863,141
Minimum Required Earnings per Resolution:		
Highest annual debt service revenue bonds	345,260	688,151
Coverage factor	1.20	1.20
Minimum Required Earnings	\$ 414,312	\$ 825,781

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

**Notes to Financial Statements
December 31, 2014 and 2013**

6. Long-Term Obligations (Continued)

Number of Customers – Water

The utility has the following number of customers and billed volumes for 2014 and 2013:

	Customers		Sales (000 gals)	
	2014	2013	2014	2013
Residential	3,071	3,041	104,674	125,761
Commercial	390	385	103,942	85,591
Industrial	41	45	223,622	223,158
Public Authority	120	120	75,500	77,837
Totals	<u>3,622</u>	<u>3,591</u>	<u>507,738</u>	<u>512,347</u>

Number of Customers – Wastewater

The utility has the following number of customers and billed volumes for 2014 and 2013:

	Customers		Sales (000 gals)	
	2014	2013	2014	2013
Residential	3,018	2,980	114,241	118,404
Commercial	376	367	86,844	81,272
Industrial	37	31	12,206	13,674
Public Authority	94	59	65,929	66,886
Totals	<u>3,525</u>	<u>3,437</u>	<u>279,220</u>	<u>280,236</u>

7. Net Position

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

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

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

**Notes to Financial Statements
December 31, 2014 and 2013**

7. Net Position (Continued)

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

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

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

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

	2014	2013
Water Utility		
Capital Assets net of depreciation	\$ 11,884,082	\$ 11,902,387
Less: related long-term debt outstanding	(2,438,166)	(2,338,876)
Total Invested in Capital Assets	9,445,916	9,563,511
Reserve from borrowing	266,052	266,052
Total Net Position - Net Investment in Capital Assets	\$ 9,711,968	\$ 9,829,563

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

	2014	2013
Wastewater Utility		
Capital Assets net of depreciation	\$ 16,969,923	\$ 17,141,742
Less: related long-term debt outstanding	(5,139,804)	(5,499,933)
Total Invested in Capital Assets	11,830,119	11,641,809
Reserve from borrowing	223,000	223,000
Total Net Position - Net Investment in Capital Assets	\$ 12,053,119	\$ 11,864,809

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

**Notes to Financial Statements
December 31, 2014 and 2013**

7. Net Position (Continued)

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

	2014	2013
Stormwater Utility		
Capital Assets net of depreciation	\$ 3,913,969	\$ 3,454,945
Less: related long-term debt outstanding	(1,360,000)	(455,000)
Plus: unspent bond proceeds	700,000	-
Total Invested in Capital Assets	3,253,969	2,999,945
Total Net Position - Net Investment in Capital Assets	\$ 3,253,969	\$ 2,999,945

8. Employees Retirement System

All eligible employees of the utilities participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year and hired prior to July 1, 2011 are eligible to participate in the WRS. Employees hired after July 1, 2011 are eligible to participate if expected to work at least 1,200 hours per year and are expected to be employed for at least one year from the hire date. Covered employees in the General category are required by statute to contribute 7.00% and 6.65% of their salary to the plan in 2014 and 2013, respectively. For pay periods prior to June 29, 2011, employers generally made these contributions to the plan on behalf of employees. For pay periods after June 29, 2011, employers were no longer allowed to pay the employee required contributions for most employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits. Covered payroll listed below is substantially the same as total payroll.

WHITEWATER MUNICIPAL WATER, WASTEWATER AND STORMWATER UTILITIES

Notes to Financial Statements December 31, 2014 and 2013

8. Employees Retirement System (Continued)

Details of the plan are disclosed in the basic financial statement of the City of Whitewater.

Water Utility

	Year Ended December 31		
	2014	2013	2012
Total Covered Employee Payroll	\$ 363,419	\$ 329,088	\$ 338,033
Total Required Contributions	\$ 25,401	\$ 21,352	\$ 19,191
Total Required Contribution %	7.0%	6.5%	5.7%

Wastewater Utility

	Year Ended December 31		
	2014	2013	2012
Total Covered Employee Payroll	\$ 595,836	\$ 565,753	\$ 569,489
Total Required Contributions	\$ 39,056	\$ 35,098	\$ 30,385
Total Required Contribution %	6.6%	6.2%	5.3%

Stormwater Utility

	Year Ended December 31		
	2014	2013	2012
Total Covered Employee Payroll	\$ 131,204	\$ 123,388	\$ 136,154
Total Required Contributions	\$ 8,452	\$ 7,590	\$ 7,036
Total Required Contribution %	6.4%	6.2%	5.2%

9. Significant Customers

Water Utility

The utility has one significant customer who was responsible for approximately 26% of operating revenues.

10. Commitments and Contingencies

Claims and Legal Items

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

SUPPLEMENTAL INFORMATION

Whitewater Municipal Water Utility

**Water Utility Plant
December 31, 2014**

	Balance 1/01/2014	Additions	Retirements	Balance 12/31/2014
Source of Supply				
Land and land rights	\$ 3,603	\$ -	\$ -	\$ 3,603
Structures and improvements	30,984	-	-	30,984
Wells and springs	585,549	-	-	585,549
Supply mains	17,029	-	-	17,029
Total Source of Supply	637,165	-	-	637,165
Pumping				
Structures and improvements	463,697	-	-	463,697
Electric pumping equipment	659,052	-	-	659,052
Diesel pumping equipment	51,851	-	-	51,851
Other pumping equipment	23,306	-	-	23,306
Total Pumping	1,197,906	-	-	1,197,906
Water Treatment				
Structures and improvements	370,874	-	-	370,874
Water treatment equipment	1,087,868	-	-	1,087,868
Total Water Treatment	1,458,742	-	-	1,458,742
Transmission and Distribution				
Land and land rights	898	-	-	898
Distribution reservoirs and standpipes	504,482	-	-	504,482
Transmission and distribution mains	10,115,554	295,869	16,340	10,395,083
Services	1,351,205	30,402	6,860	1,374,747
Meters	773,585	43,795	1,925	815,455
Hydrants	1,094,244	16,800	1,500	1,109,544
Total Transmission and Distribution	13,839,968	386,866	26,625	14,200,209
General				
Land and land rights	2,226	-	-	2,226
Structures and improvements	92,182	-	-	92,182
Office furniture and equipment	19,334	-	-	19,334
Computer equipment	54,246	-	-	54,246
Transportation equipment	92,649	-	-	92,649
Stores equipment	392	-	-	392
Tools, shop and garage equipment	33,245	-	-	33,245
Laboratory equipment	1,371	-	-	1,371
Power-operated equipment	43,747	-	-	43,747
Communication equipment	15,082	4,557	-	19,639
SCADA equipment	79,700	-	-	79,700
Miscellaneous equipment	5,465	-	-	5,465
Total General	439,639	4,557	-	444,196
 Total Water Utility Plant	 \$ 17,573,420	 \$ 391,423	 \$ 26,625	 \$ 17,938,218

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

December 31, 2014 and 2013

	Water	
	2014	2013
Utility Plant in Service (excluding contributed plant)		
Beginning of year	\$10,291,106	\$ 10,085,905
End of year	10,655,903	10,291,106
Average	10,473,505	10,188,506
Accumulated Depreciation		
Beginning of year	(3,041,359)	(2,801,993)
End of year	(3,265,888)	(3,041,359)
Average	(3,153,624)	(2,921,676)
Materials and Supplies		
Beginning of year	12,356	12,356
End of year	12,356	12,356
Average	12,356	12,356
Regulatory Liability		
Beginning of year	(509,914)	(560,906)
End of year	(458,924)	(509,914)
Average	(484,419)	(535,410)
Average Net Rate Base	\$ 6,847,818	\$ 6,743,776
Operating Income - Regulatory Basis	\$ 283,050	\$ 191,626
Rate of Return (Percent)	4.13%	2.84%

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

Whitewater Municipal Wastewater Utility

**Wastewater Utility Plant
December 31, 2014**

	<u>Balance 1/01/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2014</u>
Collecting System				
Lift stations	\$ 1,070,206	\$ -	\$ -	\$ 1,070,206
Collecting mains	8,897,032	195,933	15,855	9,077,110
Interceptor mains	2,773,904	-	-	2,773,904
Force mains	115,800	-	-	115,800
Total Collecting System	<u>12,856,942</u>	<u>195,933</u>	<u>15,855</u>	<u>13,037,020</u>
Treatment and Disposal				
Land and improvements	168,179	-	-	168,179
Structures and improvements	7,956,929	-	-	7,956,929
Preliminary treatment equipment	1,743,138	-	-	1,743,138
Primary treatment equipment	655,419	-	-	655,419
Secondary treatment equipment	5,133,209	-	-	5,133,209
Advanced treatment equipment	1,603,274	-	-	1,603,274
Chlorination equipment	786,910	-	-	786,910
Sludge treatment and disposal equipment	5,634,642	-	-	5,634,642
Plant site piping	1,953,828	-	-	1,953,828
Flow metering and monitoring equipment	159,203	-	-	159,203
Flow metering and monitoring equipment	232,936	-	-	232,936
Flow metering and monitoring equipment	54,093	-	-	54,093
Total Treatment and Disposal	<u>26,081,760</u>	<u>-</u>	<u>-</u>	<u>26,081,760</u>
General				
Structures and improvements	61,637	-	-	61,637
Office furniture and equipment	62,556	-	-	62,556
Computer equipment	57,898	-	-	57,898
Transportation equipment	346,286	-	-	346,286
Communication equipment	186,132	20,433	-	206,565
Other general equipment	282,776	-	-	282,776
Total General	<u>997,285</u>	<u>20,433</u>	<u>-</u>	<u>1,017,718</u>
Construction Work In Progress	<u>-</u>	<u>559,403</u>	<u>-</u>	<u>559,403</u>
Total Wastewater Utility Plant	<u><u>\$ 39,935,987</u></u>	<u><u>\$ 775,769</u></u>	<u><u>\$ 15,855</u></u>	<u><u>\$ 40,695,901</u></u>