



**JOHNSON BLOCK**  
**CPAs**

**CITY OF WHITEWATER**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

**City of Whitewater**

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**December 31, 2017**

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## **INDEPENDENT AUDITOR'S REPORT**

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, 2017, 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, 2017, 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.



## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the Wisconsin Retirement System schedules 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.

### *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 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.

The schedules of long-term debt payments have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Johnson Block & Company, Inc.*

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

June 8, 2018

**MANAGEMENT'S DISCUSSION**

**AND ANALYSIS**

**FOR 2017**



**CITY OF WHITEWATER**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016**

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, 2017. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained here will focus primarily on the governmental operations of the city.

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**FINANCIAL HIGHLIGHTS**

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The City’s total net position increased \$1,161,313, or 1.96% from the prior year. The net position for governmental activities increased \$658,808, while net position of the business-type activities increased by \$502,505. The Community Development Authority-CDA-a component unit of the city, net position decreased by \$282,257.

The assets and deferred outflows of resources of the City of Whitewater exceeded its liabilities and deferred inflows of resources as of December 31, 2017 by \$60,330,607 (net position). Of this amount, \$4,304,494 (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 \$2,153,140 and \$2,151,354 for governmental and business-type activities, respectively.

As of December 31, 2017, the City of Whitewater's governmental funds reported combined ending fund balances of \$3,224,232, a decrease of \$760,848 in comparison with the prior year. Approximately 23.3% of this total, or \$751,372 (unassigned fund balance), is available for spending at the government's discretion.

The City’s water utility had an operating income in 2017 of \$336,472. Unrestricted net position increased by \$298,393. The water utility’s total net position increased by \$46,692 to \$11,198,376. The approved Rate of Return is 6%. For 2017, the Rate of Return equaled 2.93%. The utility filed a Simplified Rate Case application with the Wisconsin PSC in April, 2014. The 2014 approved rate factor is 3.0%. The increase was approved and was effective with water usage after June 26, 2014. The utility did not file a Simplified Rate Case for 2015, 2016, or 2017.

The wastewater utility had an operating income of \$666,616 in 2017. The utility's total net position increased by \$427,676. The wastewater utility increased rates by 3% effective March 1, 2004; by 7% on December 1, 2004; by 5% effective December 1, 2005; by 7% effective December 1, 2006; by 7% effective on September 1, 2007; by 7% on September 1, 2008 and by 5.0% on December 1, 2009; by 7% on December 31, 2010 and by 13.65% on July 1, 2011. No rate adjustment was made in 2012. Rates were increased by 3% on March 1, 2013; by 3% on June 26, 2014. A Clean Water Fund project of approximately \$24.358 million in plant improvements was started in 2016. Of this, \$21.628 million is to be financed with a clean water fund loan. In addition, there will be \$2.0 million in utility cash applied and \$730 thousand in a principal forgiveness grant. Rates were adjusted on December 29, 2015 in anticipation of this project. The rate increase for the average residential user equaled 31%. No rate adjustments were made in 2017.

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

## CITY OF WHITEWATER

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2017 and 2016

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

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- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. The governmental fund statements tell how general government services like public safety and public works were financed in the short-term as well as what remains for future spending.

These financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

#### **Government-Wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net Position – the difference between the City's assets and liabilities and deferred inflows of resources – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The government-wide financial statements include not only the City of Whitewater itself (known as the primary government), but also the City of Whitewater Community Development Authority (component unit). The authority does not issue separate financial statements.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

## CITY OF WHITEWATER

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2017 and 2016

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

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

The City maintains 39 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, 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 of its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

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

The largest portion of the City's (governmental and business-type activities) net position (approximately 84.1%) represents its investments in capital assets, less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016**

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

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**CITY OF WHITEWATER'S NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 10,448,064	\$ 11,087,239	\$ 7,992,096	\$ 7,117,107	\$ 18,440,160	\$ 18,204,346
Capital Assets	<u>39,758,129</u>	<u>40,202,117</u>	<u>51,141,045</u>	<u>42,787,181</u>	<u>90,899,174</u>	<u>82,989,298</u>
<b>Total Assets</b>	<b>\$ <u>50,206,193</u></b>	<b>\$ <u>51,289,356</u></b>	<b>\$ <u>59,133,141</u></b>	<b>\$ <u>49,904,288</u></b>	<b>\$ <u>109,339,334</u></b>	<b>\$ <u>101,193,644</u></b>
Deferred Outflows of Resources	<u>\$ 2,126,221</u>	<u>\$ 3,014,275</u>	<u>\$ 422,769</u>	<u>\$ 649,203</u>	<u>\$ 2,548,990</u>	<u>\$ 3,663,478</u>
Non-Current Liabilities	\$ 13,220,242	\$ 16,178,663	\$ 24,096,535	\$ 16,986,029	\$ 37,316,777	\$ 33,164,692
Other Liabilities	<u>3,999,231</u>	<u>3,537,064</u>	<u>3,643,670</u>	<u>2,181,299</u>	<u>7,642,901</u>	<u>5,718,363</u>
<b>Total Liabilities</b>	<b>\$ <u>17,219,473</u></b>	<b>\$ <u>19,715,727</u></b>	<b>\$ <u>27,740,205</u></b>	<b>\$ <u>19,167,328</u></b>	<b>\$ <u>44,959,678</u></b>	<b>\$ <u>38,883,055</u></b>
Deferred Inflows of Resources	<u>\$ 6,426,771</u>	<u>\$ 6,560,542</u>	<u>\$ 171,268</u>	<u>\$ 244,231</u>	<u>\$ 6,598,039</u>	<u>\$ 6,804,773</u>
Net Position:						
Net Investment in Capital Assets	\$ 24,903,172	\$ 23,092,510	\$ 25,819,938	\$ 26,548,402	\$ 50,723,110	\$ 49,640,912
Restricted	1,629,858	2,406,682	3,673,145	3,638,644	5,303,003	6,045,326
Unrestricted	<u>2,153,140</u>	<u>2,528,170</u>	<u>2,151,354</u>	<u>954,886</u>	<u>4,304,494</u>	<u>3,483,056</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u>28,686,170</u></b>	<b>\$ <u>28,027,362</u></b>	<b>\$ <u>31,644,437</u></b>	<b>\$ <u>31,141,932</u></b>	<b>\$ <u>60,330,607</u></b>	<b>\$ <u>59,169,294</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$ <u>52,332,414</u></b>	<b>\$ <u>54,303,631</u></b>	<b>\$ <u>59,555,910</u></b>	<b>\$ <u>50,553,491</u></b>	<b>\$ <u>111,888,324</u></b>	<b>\$ <u>104,857,122</u></b>

**NET POSITION:** The City of Whitewater's combined net position increased 1.96% between fiscal years 2016 and 2017 to \$60,330,607. 52.45% of the 2017 net position are business-type activities of the City Water, Wastewater, and Stormwater Utilities. The governmental activities had an increase in net position of \$658,808 for the year, while the business-type activities experienced an increase of \$502,505.

**ASSETS:** Governmental Activities: Taxes Receivable increased by \$185,277. Special Assessment Receivable, Accounts Receivables, and Other Receivables decreased by \$262,172. Due from Other Governmental Units decreased by \$9,743. Net Capital Assets decreased by \$443,988 to a total of \$39,758,129. Deferred outflows of resources decreased by \$888,054 between years due to the reporting for employee pensions.

**LIABILITIES:** Governmental Activities: Non-Current Liabilities decreased by \$2,958,421. Deferred inflows of resources decreased by \$133,771. Due to Component Unit equals \$750,000 which represents the advance from the CDA-Fund 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 12/31/17 was \$5,235,675.

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016**

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

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**CITY OF WHITEWATER  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Combined-Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,758,679	\$ 1,939,533	\$ 5,570,674	\$ 5,705,887	\$ 7,329,353	\$ 7,645,420
Operating grants and contributions	1,494,893	1,501,778	76,347	6,395	1,571,240	1,508,173
Capital grants and contributions	97,317	43,070	158,495	73,891	255,812	116,961
<b>General Revenues:</b>						
Property Taxes	5,196,766	4,872,511	-	-	5,196,766	4,872,511
Other Taxes	99,560	102,222	-	-	99,560	102,222
Intergovernmental	3,649,113	3,769,838	-	-	3,649,113	3,769,838
Investment Income	71,025	37,356	10,755	4,558	81,780	41,914
Miscellaneous	176,727	236,586	-	-	176,727	236,586
<b>Total Revenues</b>	<b>\$ 12,544,080</b>	<b>\$ 12,502,894</b>	<b>\$ 5,816,271</b>	<b>\$ 5,790,731</b>	<b>\$ 18,360,351</b>	<b>\$ 18,293,625</b>
<b>Expenses:</b>						
General government	\$ 1,818,823	\$ 1,746,353	\$ -	\$ -	\$ 1,818,823	\$ 1,746,353
Public Safety	4,493,650	4,689,964	-	-	4,493,650	4,689,964
Public Works	2,770,074	2,808,815	-	-	2,770,074	2,808,815
Leisure activities	2,446,050	2,003,501	-	-	2,446,050	2,003,501
Conservation and Development	7,057	54,790	-	-	7,057	54,790
Interest and fiscal charges	495,458	565,271	468,501	267,639	963,959	832,910
Capital Outlay	-	17,796	-	-	-	17,796
Water Utility	-	-	1,402,992	1,360,321	1,402,992	1,360,321
Sewer Utility	-	-	2,648,002	2,643,577	2,648,002	2,643,577
Stormwater Utility	-	-	458,431	449,443	458,431	449,443
<b>Total Expenses</b>	<b>\$ 12,031,112</b>	<b>\$ 11,886,490</b>	<b>\$ 4,977,926</b>	<b>\$ 4,720,980</b>	<b>\$ 17,009,038</b>	<b>\$ 16,607,470</b>
Increases in net position before transfers	\$ 512,968	\$ 616,404	\$ 838,345	\$ 1,069,751	\$ 1,351,313	\$ 1,686,155
Transfers	145,840	130,933	(335,840)	(320,149)	(190,000)	(189,216)
Increase in net position	<u>\$ 658,808</u>	<u>\$ 747,337</u>	<u>\$ 502,505</u>	<u>\$ 749,602</u>	<u>\$ 1,161,313</u>	<u>\$ 1,496,939</u>
NET Position-January 1	\$ 28,027,362	\$ 27,280,025	\$ 31,141,932	\$ 30,392,330	\$ 59,169,294	\$ 57,672,355
<b>Net Position-December 31</b>	<b>\$ 28,686,170</b>	<b>\$ 28,027,362</b>	<b>\$ 31,644,437</b>	<b>\$ 31,141,932</b>	<b>\$ 60,330,607</b>	<b>\$ 59,169,294</b>

CITY OF WHITEWATER

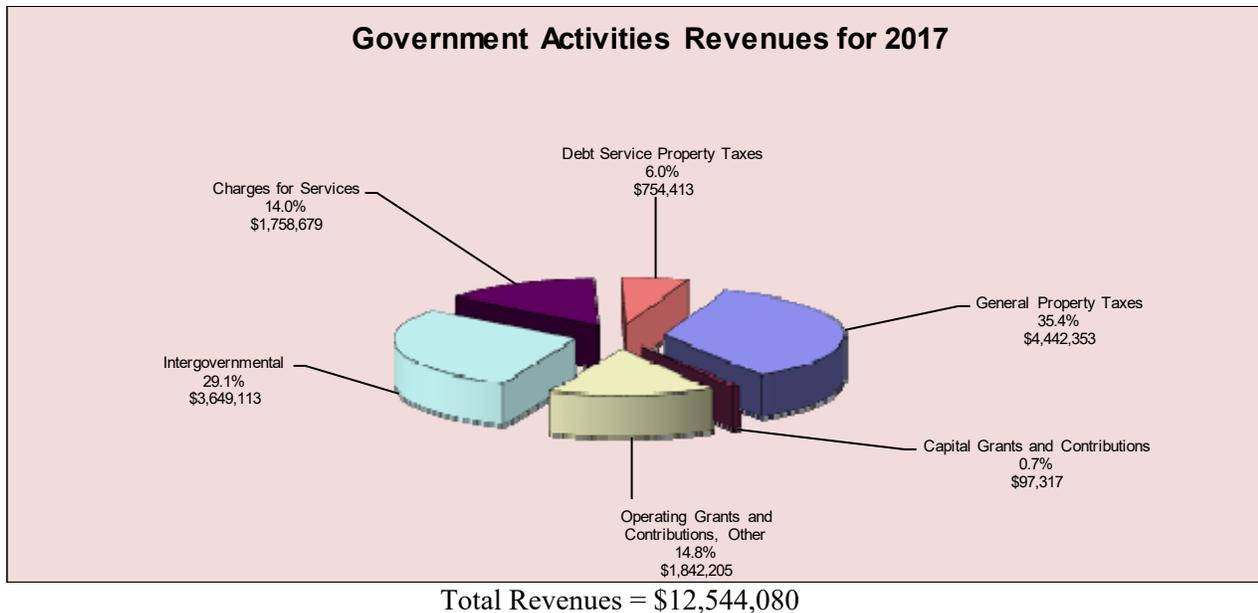
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016

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

Governmental Activities:

Change in Net Position: The City's 2017 revenues for both governmental and business-type activities total \$18,360,351 and expenses total \$17,009,038. These totals plus transfers resulted in an increase in net position of \$1,161,313. Net position increased by \$658,808 for **governmental activities**. One cause of the increase was due to general revenues increasing by \$174,648. This is due to an increase in property tax revenue. Program revenues declined by \$133,492, while total expenses increased by \$144,622.

Revenues for the City of Whitewater's governmental activities total \$12,544,080 with intergovernmental revenues (largely state shared-revenues) accounting for 29.1% (\$3,649,113) 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 6.0% (\$754,413) of total revenues, were collected to pay for the principal and interest due in 2017. General property taxes accounted for 35.4% (\$4,442,353) of governmental revenues in 2017. Charges for services contributed 14.0% (\$1,758,679); operating/capital grants, other taxes, interest income, contributed 15.5% (\$1,939,522) of the total revenues. Capital grants were \$97,317 of revenues.



CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016

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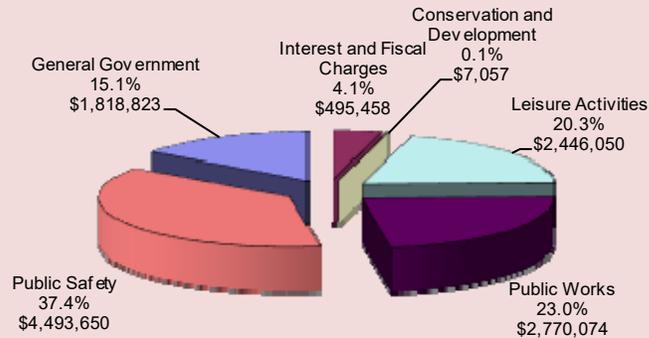
**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)**

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*Governmental Activities (cont.) :*

Governmental activities expenditures total \$12,031,112. Public Safety activities amount for 37.4% (\$4,493,650), 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 23.0% (\$2,770,074), 15.1% (\$1,818,823), and 20.3% (\$2,446,050), respectively, of total expenditures for 2017. Conservation/Development—0.1% (\$7,057); Interest/Fiscal Charges—4.1% (\$495,458).

**Government Activities Expense for 2017**



Total Expenses = \$12,031,112

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016**

**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 2017 was \$12,031,112. However, the amount paid through the City's property tax was only \$5,196,766. The breakout of property taxes are \$2,593,207 (General Properties); \$754,413 (Debt Service); \$1,849,146 (TIF Districts). Some of the costs were paid by:

- Those directly benefiting from the programs-Charges for Service/Fees/Permits - (\$1,758,679)
- State of Wisconsin Shared Revenue-Aidable - (\$2,836,916)
- Utility Shared Revenues-State of Wisconsin - (\$458,441)
- State Aids-Roads/Highways - (\$716,370)
- Fines and Forfeitures - (\$407,113)

	<u>Cost of Services</u>	<u>Charges for Services, Operating &amp; Capital Grants, Contributions</u>	<u>Net Cost of Services</u>
General Government	\$ 1,818,823	\$ 271,966	\$ 1,546,857
Public Safety	4,493,650	677,154	3,816,496
Public Works	2,770,074	877,808	1,892,266
Culture and Recreation	2,446,050	1,368,015	1,078,035
Conservation and Development	7,057	155,946	(148,889)
Interest and Fiscal Charges	495,458	-	495,458
<b>Total</b>	<b><u>\$ 12,031,112</u></b>	<b><u>\$ 3,350,889</u></b>	<b><u>\$ 8,680,223</u></b>

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**General Fund:** The general fund is the primary operating fund of the City. The general fund's fund balance increased \$60,649 to \$2,388,274, which represents 25.64% of the expenditures for calendar/budget year 2018 expenses. Of that amount, \$1,545,272 or 64.70% is unassigned.

**Debt Service Fund:** The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**TIF District No. 4-Capital Projects:** This fund's purpose is to generate a tax increment to be used to cover the project plan expenditures. The expenditure period for TID # 4 closed on September 12, 2012. Projected final closure of the TID is projected to be in 2022.

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016**

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

**WATER, WASTEWATER, AND STORMWATER UTILITY**

The **Water Utility** earned a 2.93% return on its rate base in 2017 compared to 4.62% in 2016. The water utility's (GAAP Basis) operating revenues decreased by \$63,944 to \$1,739,464 and the operating expenses increased by \$42,671 to \$1,402,992.

The **Wastewater Utility** operating revenue decreased by \$74,103 in 2017 to \$3,314,618. Operating expenses increased by \$4,425 to \$2,648,002. Waterwater rates were adjusted by 31% (average residential user) on December 29, 2015. The increase provided funding for the debt service costs of the wastewater treatment plant project.

The **Stormwater Utility** operating revenues increased by \$2,834 to \$516,592. The operating income was \$58,161 in 2017. The monthly charge is \$6.17 per ERU (Equivalent Runoff Unit), which was increased as of December 29, 2015 to provide funding for the debt service costs of George Street and Center Street reconstruction projects. Most residential properties equal 1.0 ERU.

	Operating Revenues		Operating Expenses		Operating Income (Loss)	
	2017	2016	2017	2016	2017	2016
Water Utility	\$ 1,739,464	\$ 1,803,408	\$ 1,402,992	\$ 1,360,321	\$ 336,472	\$ 443,087
Wastewater Utility	3,314,618	3,388,721	2,648,002	2,643,577	666,616	745,144
Stormwater Utility	516,592	513,758	458,431	449,443	58,161	64,315

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

<b>Governmental Activities</b>			
	2017	2016	Total Change
Land/Right of Way/Improvements	\$ 9,695,954	\$ 9,619,124	\$ 76,830
Construction in Progress	215,594	478,588	(262,994)
Traffic and street lights	582,134	609,177	(27,043)
Buildings and Improvements	7,870,715	8,123,074	(252,359)
Machinery & Equipment	2,760,924	2,646,063	114,861
Streets/Sidewalks/Curb & Gutter	18,632,808	18,726,091	(93,283)
<b>Capital Assets, Net of Depreciation</b>	<b>\$ 39,758,129</b>	<b>\$ 40,202,117</b>	<b>\$ (443,988)</b>

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

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016**

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

The City (Primary Government) had capital assets of \$39,758,129 in the governmental activities and \$51,141,044 in the business-like activities for a total of \$90,899,173 at the end of 2017. 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 43.74% and the business-type activities total 56.26%. The business-type activities represent the water utility with 22.80%, the wastewater utility having 67.62%, and the stormwater utility 9.58% of the capital assets.

<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>Water</b>			
Land and Land Rights	\$ 6,727	6,727	\$ -
Source of Supply	705,364	633,563	71,801
Pumping	1,212,857	1,212,857	-
Water Treatment	1,458,742	1,458,742	-
Transmission and Distribution	14,789,934	14,739,364	50,570
General	487,570	487,570	-
Construction in Progress	20,829	79,304	(58,475)
Less: Accumulated Depreciation	<u>(7,021,967)</u>	<u>(6,595,970)</u>	<u>(425,997)</u>
<b>Net Assets-Water Utility Plant</b>	<b><u>11,660,056</u></b>	<b><u>12,022,157</u></b>	<b><u>(362,101)</u></b>
<b>Wastewater</b>			
Land and Land Rights	185,636	185,636	-
Collection System	13,708,329	13,708,329	-
Treatment and Disposal	26,049,914	25,992,568	57,346
General	1,100,825	1,078,154	22,671
Construction in Progress	20,895,968	11,074,012	9,821,956
Less: Accumulated Depreciation	<u>(27,360,259)</u>	<u>(26,185,360)</u>	<u>(1,174,899)</u>
<b>Net Assets-Wastewater Utility Plant</b>	<b><u>34,580,413</u></b>	<b><u>25,853,339</u></b>	<b><u>8,727,074</u></b>
<b>Stormwater</b>			
Capital Assets	5,213,121	5,213,121	-
Construction in Progress	174,851	115,584	59,267
Less: Accumulated Depreciation	<u>(487,397)</u>	<u>(417,020)</u>	<u>(70,377)</u>
<b>Net Assets-Stormwater Utility Plant</b>	<b><u>4,900,575</u></b>	<b><u>4,911,685</u></b>	<b><u>(11,110)</u></b>
<b>Total Utility's Capital Assets</b>	<b><u>\$ 51,141,044</u></b>	<b><u>\$ 42,787,181</u></b>	<b><u>\$ 8,353,863</u></b>

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016**

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

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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, 2017 was \$32,338,750. Total general obligation debt outstanding at year end was \$18,057,000, which represents 55.8% of the allowable debt limit.

<b>Comparison of Outstanding Debt by Activity</b>						
	Governmental Activities		Business-type Activities		TOTAL	
	2017	2016	2017	2016	2017	2016
General Obligation						
Bonds and Notes	\$ 14,854,957	\$ 17,132,957	\$ 3,202,043	\$ 3,322,043	\$ 18,057,000	\$ 20,455,000
Revenue Bond/Notes	-	-	22,610,195	13,888,992	22,610,195	13,888,992
<b>Total Outstanding</b>	<b>\$ 14,854,957</b>	<b>\$ 17,132,957</b>	<b>\$ 25,812,238</b>	<b>\$ 17,211,035</b>	<b>\$ 40,667,195</b>	<b>\$ 34,343,992</b>

The total outstanding **general obligation debt** of \$18,057,000 is distributed:

City-CIP	\$ 8,954,957
TID'S (#4 & #6)	5,900,000
Utility (Water/Sewer/Storm)	3,202,043

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

<b>AMOUNTS DUE WITHIN ONE YEAR</b>			
	Governmental Activities	Business-type Activities	Amounts Due Within One Year
General Obligation			
Bonds and Notes	\$ 3,002,587	\$ 1,562,043	\$ 4,564,630
Revenue Bonds	-	377,810	377,810
<b>Totals</b>	<b>\$ 3,002,587</b>	<b>\$ 1,939,853</b>	<b>\$ 4,942,440</b>

The City maintained the Moody's Investors Service rating of A1/Aa3, which was reconfirmed in 2011, 2012, and 2014. In April 2016, the sewer enterprise revenue bonds were downgraded from A1 to A2 because of the \$21,627,000 plant improvements. The utility received \$700,000 in grants plus the utility is using \$2,000,000 in surplus funds to complete the project.

**CITY OF WHITEWATER**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2017 and 2016**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

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Budgets are adopted at the function level of expenditures. General Fund revenues and transfers were greater than the final budget by \$107,419. Expenses, including transfers, were \$24,968 lower than the final budget of \$8,450,309. General Government was over by \$8,919; Public Safety was under by \$7,779; Culture, Recreation and Education was under by \$104,108. Fund Balance was budgeted with a net change in fund balance of a decrease of \$12,799. The actual change in Fund Balance was an increase of \$119,588 to a balance of \$1,678,297.

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

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The City's strategic location between Milwaukee and Madison and the success of the business park, developed by the City of Whitewater under the direction of the Community Development Authority, has contributed to both growth in tax base and population. The City's tax base, currently \$645 million, has shown steady growth over the past two decades. For 2017, the equalized value did increase by \$1,376,100.

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 2018, the monthly cost for one household is \$12.26. The distribution of this cost is \$9.73 for Solid Waste and \$2.53 for Recycling. There was no increase on the solid waste and recycling portion for 2018.

Additionally, in 2018, the City incurred \$6,540,000 in general obligation bonds to help fund street reconstruction projects. These bonds maintain the Moody's Investors Service rating of A1/Aa3.

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**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

**City of Whitewater**  
**Whitewater, WI**  
**Statement of Net Position**  
**December 31, 2017**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Primary Government</b>	<b>Component Unit</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 4,622,077	\$ 2,959,475	\$ 7,581,552	\$ 1,050,850
Receivables				
Taxes	5,396,513	-	5,396,513	-
Accounts	-	486,479	486,479	-
Other	198,934	37,889	236,823	190
Due from Other Governments	42,957	-	42,957	-
Internal Balances	6,840	(6,840)	-	-
Due From Agency Fund	45,075	-	45,075	-
Inventories	-	12,356	12,356	-
Prepaid Expenses	97,938	-	97,938	-
Total Current Assets	<u>10,410,334</u>	<u>3,489,359</u>	<u>13,899,693</u>	<u>1,051,040</u>
Noncurrent Assets:				
Restricted Assets				
Cash and Cash Equivalents	-	4,262,368	4,262,368	-
Other Assets				
Special Assessment Receivable	7,431	-	7,431	-
Loans Receivable	-	-	-	2,120,123
Due From City	-	-	-	750,000
Property Held for Resale	30,299	240,369	270,668	-
Capital Assets				
Land, Improvements, and Construction in Progress	9,911,548	21,284,011	31,195,559	275,172
Other Capital Assets, net of depreciation	29,846,581	29,857,033	59,703,614	5,236,285
Net Capital Assets	<u>39,758,129</u>	<u>51,141,044</u>	<u>90,899,173</u>	<u>5,511,457</u>
Total Noncurrent Assets	<u>39,795,859</u>	<u>55,643,781</u>	<u>95,439,640</u>	<u>8,381,580</u>
Total Assets	<u>50,206,193</u>	<u>59,133,140</u>	<u>109,339,333</u>	<u>9,432,620</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Inflows	2,126,221	422,769	2,548,990	16,674
Total Deferred Outflows of Resources	<u>2,126,221</u>	<u>422,769</u>	<u>2,548,990</u>	<u>16,674</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 52,332,414</u>	<u>\$ 59,555,909</u>	<u>\$ 111,888,323</u>	<u>\$ 9,449,294</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 826,137	\$ 1,582,087	\$ 2,408,224	\$ 18,468
Accrued Interest	108,685	107,612	216,297	-
Current Portion of Long-Term Liabilities	3,064,409	1,953,970	5,018,379	-
Total Current Liabilities	<u>3,999,231</u>	<u>3,643,669</u>	<u>7,642,900</u>	<u>18,468</u>
Noncurrent Liabilities:				
Due to Component Unit	750,000	-	750,000	-
Unamortized Debt Premium	110,328	-	110,328	-
Net Pension Liability	273,887	54,459	328,346	2,148
Long-Term Liabilities				
Due in More Than One Year				
Bonds and Notes Payable	11,852,370	23,872,385	35,724,755	-
Compensated Absences	233,657	169,691	403,348	-
Total Noncurrent Liabilities	<u>13,220,242</u>	<u>24,096,535</u>	<u>37,316,777</u>	<u>2,148</u>
Total Liabilities	<u>17,219,473</u>	<u>27,740,204</u>	<u>44,959,677</u>	<u>20,616</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2017 Tax Apportionment	5,460,556	-	5,460,556	-
Deferred Pension Inflows	861,353	171,268	1,032,621	6,755
Unearned Revenue	104,862	-	104,862	-
Total Deferred Inflows of Resources	<u>6,426,771</u>	<u>171,268</u>	<u>6,598,039</u>	<u>6,755</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	24,903,172	25,819,938	50,723,110	5,511,457
Restricted	1,629,858	3,673,145	5,303,003	3,693,860
Unrestricted	2,153,140	2,151,354	4,304,494	216,606
Total Net Position	<u>28,686,170</u>	<u>31,644,437</u>	<u>60,330,607</u>	<u>9,421,923</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 52,332,414</u>	<u>\$ 59,555,909</u>	<u>\$ 111,888,323</u>	<u>\$ 9,449,294</u>

See accompanying notes to the basic financial statements

City of Whitewater  
Whitewater, WI

Statement of Activities  
For the Year Ended December 31, 2017

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Primary Government	Component Unit
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 1,818,823	\$ 226,966	\$ 45,000	\$ -	\$ (1,546,857)		\$ (1,546,857)	
Public Safety	4,493,650	590,922	86,232	-	(3,816,496)		(3,816,496)	
Public Works	2,770,074	720	876,313	775	(1,892,266)		(1,892,266)	
Culture and Recreation	2,446,050	940,071	331,402	96,542	(1,078,035)		(1,078,035)	
Conservation and Development	7,057	-	155,946	-	148,889		148,889	
Interest on Long-term debt	495,458	-	-	-	(495,458)		(495,458)	
Total governmental activities	<u>12,031,112</u>	<u>1,758,679</u>	<u>1,494,893</u>	<u>97,317</u>	<u>(8,680,223)</u>		<u>(8,680,223)</u>	
Business-type activities								
Water	1,458,472	1,739,464	54,507	22,607	-	358,106	358,106	
Wastewater	3,030,468	3,314,618	-	135,888	-	420,038	420,038	
Storm Sewer	488,986	516,592	21,840	-	-	49,446	49,446	
Total business-type activities	<u>4,977,926</u>	<u>5,570,674</u>	<u>76,347</u>	<u>158,495</u>	<u>-</u>	<u>827,590</u>	<u>827,590</u>	
Total primary government	<u>17,009,038</u>	<u>7,329,353</u>	<u>1,571,240</u>	<u>255,812</u>	<u>(8,680,223)</u>	<u>827,590</u>	<u>(7,852,633)</u>	
<b>Component Unit</b>								
Community Development Authority	802,074	145,856	75,000	-				\$ (581,218)
Total component units	<u>\$ 802,074</u>	<u>\$ 145,856</u>	<u>\$ 75,000</u>	<u>\$ -</u>				<u>(581,218)</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes					4,442,353	-	4,442,353	-
Property taxes, levied for debt service					754,413	-	754,413	-
Other taxes					99,560	-	99,560	-
Grants and contributions not restricted to specific programs					3,649,113	-	3,649,113	-
Unrestricted investment earnings					71,025	10,755	81,780	22,704
Public gifts and grants					42,566	-	42,566	-
Miscellaneous					134,161	-	134,161	86,257
Transfers to/from CDA					(190,000)	-	(190,000)	190,000
Transfers					335,840	(335,840)	-	-
Total general revenues, transfers, and special items					<u>9,339,031</u>	<u>(325,085)</u>	<u>9,013,946</u>	<u>298,961</u>
Change in net position					658,808	502,505	1,161,313	(282,257)
Net position - beginning					28,027,362	31,141,932	59,169,294	9,704,180
Net position - ending					<u>\$ 28,686,170</u>	<u>\$ 31,644,437</u>	<u>\$ 60,330,607</u>	<u>\$ 9,421,923</u>

See accompanying notes to the basic financial statements

**City of Whitewater  
Whitewater, WI**

**Balance Sheet  
Governmental Funds  
December 31, 2017**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 4</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,643,724	\$ 175,532	\$ 146,707	\$ 1,656,117	\$ 4,622,080
Receivables:					
Taxes	3,473,800	-	1,829,828	84,133	5,387,761
Delinquent Personal Property Taxes	8,752	-	-	-	8,752
Special Assessments	7,431	-	-	-	7,431
Other	124,378	-	72,795	1,761	198,934
Due from Other Governments	31,102	-	-	11,855	42,957
Due from Other Funds	134,002	-	-	804	134,806
Prepaid Expenses	97,938	-	-	-	97,938
Advances Receivable	18,200	-	-	-	18,200
Total Assets	<u>\$ 6,539,327</u>	<u>\$ 175,532</u>	<u>\$ 2,049,330</u>	<u>\$ 1,754,670</u>	<u>\$ 10,518,859</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 250,400	\$ -	\$ -	\$ 192,024	\$ 442,424
Accrued Liabilities	358,715	-	-	25,004	383,719
Due to Other Funds	-	-	660	82,230	82,890
Advance Payable to CDA	-	-	750,000	-	750,000
Advances Payable	-	-	-	18,200	18,200
Total Liabilities	<u>609,115</u>	<u>-</u>	<u>750,660</u>	<u>317,458</u>	<u>1,677,233</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,541,938</u>	<u>-</u>	<u>1,902,622</u>	<u>172,834</u>	<u>5,617,394</u>
<b>FUND BALANCE (DEFICIT)</b>					
Nonspendable	124,890	-	-	-	124,890
Restricted	-	175,532	-	1,454,326	1,629,858
Assigned	718,112	-	-	-	718,112
Unassigned (Deficit)	1,545,272	-	(603,952)	(189,948)	751,372
Total Fund Balance (Deficit)	<u>2,388,274</u>	<u>175,532</u>	<u>(603,952)</u>	<u>1,264,378</u>	<u>3,224,232</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 6,539,327</u>	<u>\$ 175,532</u>	<u>\$ 2,049,330</u>	<u>\$ 1,754,670</u>	<u>\$ 10,518,859</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, 2017**

Total fund balance, governmental funds	\$	3,224,232
<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>		39,758,129
Property held for resale		30,299
<p>The net pension asset (liability) is not a current financial resource and is, therefore, not reported in the fund statements.</p>		(273,887)
<p>Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund financial statements.</p>		1,264,868
<p>Deferred inflows are reported in the fund financial statement, but are already recognized as earned in the Statement of Position.</p>		51,978
<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	3,002,587	
Long-term debt non-current portion	11,852,370	
Unamortized premium on debt	110,328	
Compensated absences current portion	61,822	
Compensated absences long-term portion	233,657	
Accrued interest	108,685	(15,369,449)
Net Position of Governmental Activities in the Statement of Net Position		\$ 28,686,170

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, 2017**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 4</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property Taxes	\$ 2,720,150	\$ 754,393	\$ 1,785,044	\$ 64,103	\$ 5,323,690
Other Taxes	-	-	92,500	-	92,500
Special Assessment Revenue	1,312	-	-	-	1,312
Intergovernmental	4,636,714	-	100,331	395,997	5,133,042
License and Permits	167,805	-	-	-	167,805
Fines, Forfeits and Penalties	396,749	-	-	10,364	407,113
Public Charges for Services	63,736	-	-	969,882	1,033,618
Interest Income	55,719	3,035	629	10,477	69,860
Miscellaneous Income	62,631	8,739	-	251,153	322,523
Total Revenues	<u>8,104,816</u>	<u>766,167</u>	<u>1,978,504</u>	<u>1,701,976</u>	<u>12,551,463</u>
<b>EXPENDITURES</b>					
Current:					
General Government	1,700,274	-	-	70,870	1,771,144
Public Safety	4,058,935	-	-	63,842	4,122,777
Public Works	1,447,182	-	-	119,546	1,566,728
Culture, Recreation and Education	593,822	-	-	1,955,260	2,549,082
Conservation and Development	-	-	150	750	900
Capital Outlay	217,942	-	-	426,740	644,682
Debt Service					
Principal Repayment	-	2,565,000	-	-	2,565,000
Interest Expense	-	524,302	-	-	524,302
Total Expenditures	<u>8,018,155</u>	<u>3,089,302</u>	<u>150</u>	<u>2,637,008</u>	<u>13,744,615</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>86,661</u>	<u>(2,323,135)</u>	<u>1,978,354</u>	<u>(935,032)</u>	<u>(1,193,152)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Long-Term Debt	287,000	-	-	-	287,000
Other Uses	-	-	-	(29,552)	(29,552)
Transfers In	496,058	2,332,921	330,796	769,070	3,928,845
Transfers Out	(809,070)	(330,796)	(2,383,083)	(231,040)	(3,753,989)
Total Other Financing Sources and Uses	<u>(26,012)</u>	<u>2,002,125</u>	<u>(2,052,287)</u>	<u>508,478</u>	<u>432,304</u>
Net Change in Fund Balances	60,649	(321,010)	(73,933)	(426,554)	(760,848)
Fund Balances - Beginning	2,327,625	496,542	(530,019)	1,690,932	3,985,080
Fund Balances (Deficits) - Ending	<u>\$ 2,388,274</u>	<u>\$ 175,532</u>	<u>\$ (603,952)</u>	<u>\$ 1,264,378</u>	<u>\$ 3,224,232</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, 2017**

Net change in fund balances - total governmental funds: \$ (760,848)

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 \$994,554 were less than depreciation \$1,438,542 in the current period. (443,988)

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. (47,384)

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	(287,000)
Debt repayment - general obligation	2,565,000

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	20,963
Adjustment for increase in compensated absences	(43,498)
Adjustment for amortization expense not reflected on Governmental Funds	7,881

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between net pension asset from the prior year to the current year, with some adjustments. (352,318)

Change in net position of governmental activities	\$ 658,808
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See accompanying notes to the basic financial statements

**City of Whitewater  
Whitewater, Wisconsin**

**Statement of Net Position  
Proprietary Funds  
December 31, 2017**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,237,616	\$ 1,460,000	\$ 261,859	\$ 2,959,475
Receivables				
Accounts	134,947	314,962	36,570	486,479
Interest	4,480	1,559	-	6,039
Other	-	-	31,850	31,850
Inventories	12,356	-	-	12,356
Total Current Assets	1,389,399	1,776,521	330,279	3,496,199
Restricted Assets:				
Restricted Cash	472,132	3,790,236	-	4,262,368
Total Restricted Assets	472,132	3,790,236	-	4,262,368
Capital Assets:				
Construction Work-In-Progress	20,829	20,895,968	174,851	21,091,648
Land	6,727	185,636	-	192,363
Utility Plant	18,654,467	40,859,068	5,213,121	64,726,656
Less Accumulated Depreciation	(7,021,967)	(27,360,259)	(487,397)	(34,869,623)
Net Capital Assets	11,660,056	34,580,413	4,900,575	51,141,044
Noncurrent Assets:				
Property Held for Resale	-	240,369	-	240,369
Total Noncurrent Assets	-	240,369	-	240,369
Total Assets	13,521,587	40,387,539	5,230,854	59,139,980
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	153,937	219,306	49,526	422,769
Total Deferred Outflows of Resources	153,937	219,306	49,526	422,769
Total Assets and Deferred Outflows of Resources	\$ 13,675,524	\$ 40,606,845	\$ 5,280,380	\$ 59,562,749

See accompanying notes to the basic financial statements

**City of Whitewater  
Whitewater, Wisconsin**

**Statement of Net Position  
Proprietary Funds  
December 31, 2017**

**Enterprise Funds**

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 26,913	\$ 1,468,715	\$ 36,428	\$ 1,532,056
Accrued Liabilities	11,583	35,336	3,112	50,031
Accrued Interest Payable	17,028	81,063	9,521	107,612
Due to Other Funds	6,840	-	-	6,840
Compensated Absences	5,210	7,140	1,767	14,117
Current Portion of Long-Term Debt	743,181	825,500	371,172	1,939,853
Total Current Liabilities	<u>810,755</u>	<u>2,417,754</u>	<u>422,000</u>	<u>3,650,509</u>
Non-Current Liabilities:				
Long-Term Debt				
Notes Payable	-	-	375,000	375,000
Bonds and Loans Payable	1,505,000	21,292,385	700,000	23,497,385
Total Long-Term Debt	<u>1,505,000</u>	<u>21,292,385</u>	<u>1,075,000</u>	<u>23,872,385</u>
Other Liabilities				
Compensated Absences	79,203	64,872	25,616	169,691
Net Pension Liability	19,829	28,250	6,380	54,459
Total Other Liabilities	<u>99,032</u>	<u>93,122</u>	<u>31,996</u>	<u>224,150</u>
Total Non-Current Liabilities	<u>1,604,032</u>	<u>21,385,507</u>	<u>1,106,996</u>	<u>24,096,535</u>
Total Liabilities	<u>2,414,787</u>	<u>23,803,261</u>	<u>1,528,996</u>	<u>27,747,044</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Inflows	62,361	88,843	20,064	171,268
Total Deferred Inflows of Resources	<u>62,361</u>	<u>88,843</u>	<u>20,064</u>	<u>171,268</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	9,680,007	12,685,528	3,454,403	25,819,938
Restricted	186,972	3,486,173	-	3,673,145
Unrestricted	1,331,397	543,040	276,917	2,151,354
Total Net Position	<u>11,198,376</u>	<u>16,714,741</u>	<u>3,731,320</u>	<u>31,644,437</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 13,675,524</u>	<u>\$ 40,606,845</u>	<u>\$ 5,280,380</u>	<u>\$ 59,562,749</u>

See accompanying notes to the basic financial statements

**City of Whitewater  
Whitewater, Wisconsin**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2017**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,739,464	\$ 3,314,618	\$ 516,592	\$ 5,570,674
Total Operating Revenues	<u>1,739,464</u>	<u>3,314,618</u>	<u>516,592</u>	<u>5,570,674</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	995,802	1,449,396	388,054	2,833,252
Depreciation	407,190	1,198,606	70,377	1,676,173
Total Operating Expenses	<u>1,402,992</u>	<u>2,648,002</u>	<u>458,431</u>	<u>4,509,425</u>
Operating Income (Loss)	<u>336,472</u>	<u>666,616</u>	<u>58,161</u>	<u>1,061,249</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Revenue	2,926	7,638	191	10,755
Miscellaneous Non-Operating Revenues	54,507	-	21,840	76,347
Interest Expense	(55,480)	(382,466)	(30,555)	(468,501)
Total Non-Operating Revenue (Expenses)	<u>1,953</u>	<u>(374,828)</u>	<u>(8,524)</u>	<u>(381,399)</u>
Income (Loss) Before Contributions and Transfers	<u>338,425</u>	<u>291,788</u>	<u>49,637</u>	<u>679,850</u>
Capital Contributions	22,607	135,888	-	158,495
Transfers Out	(314,340)	-	(21,500)	(335,840)
Change in Net Position	<u>46,692</u>	<u>427,676</u>	<u>28,137</u>	<u>502,505</u>
Total Net Position - Beginning	11,151,684	16,287,065	3,703,183	31,141,932
Total Net Position - Ending	<u>\$ 11,198,376</u>	<u>\$ 16,714,741</u>	<u>\$ 3,731,320</u>	<u>\$ 31,644,437</u>

See accompanying notes to the basic financial statements

**CITY OF WHITEWATER**  
**Whitewater, Wisconsin**

**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended December 31, 2017**

	Water	Wastewater	Stormwater	Totals 2017
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 1,760,343	\$ 3,335,962	\$ 542,752	\$ 5,639,057
Payments to suppliers	(303,003)	(689,348)	(200,363)	(1,192,714)
Payments to employees	(525,935)	(818,767)	(183,449)	(1,528,151)
Taxes paid	(314,340)	-	-	(314,340)
Net cash provided (used) by operating activities	<u>617,065</u>	<u>1,827,847</u>	<u>158,940</u>	<u>2,603,852</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Proceeds of special assessments	(268)	-	-	(268)
Acquisition and construction of plant assets	(46,189)	(9,743,442)	(59,267)	(9,848,898)
Proceeds of debt	-	9,084,407	-	9,084,407
Principal payments on long-term debt	(140,000)	(268,205)	(75,000)	(483,205)
Interest paid	(56,269)	(351,388)	(30,768)	(438,425)
Capital contributions	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(242,726)</u>	<u>(1,278,628)</u>	<u>(165,035)</u>	<u>(1,686,389)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	2,926	7,638	191	10,755
Net cash provided (used) by investing activities	<u>2,926</u>	<u>7,638</u>	<u>191</u>	<u>10,755</u>
Net increase (decrease) in cash and equivalents	377,265	556,857	(5,904)	928,218
Cash and equivalents - beginning of year	<u>1,302,483</u>	<u>4,403,129</u>	<u>267,763</u>	<u>5,973,375</u>
Cash and equivalents - end of year	<u>\$ 1,679,748</u>	<u>\$ 4,959,986</u>	<u>\$ 261,859</u>	<u>\$ 6,901,593</u>

See accompanying notes to the basic financial statements

**CITY OF WHITEWATER  
Whitewater, Wisconsin**

**Statement of Cash Flows - Proprietary Funds  
For the Year Ended December 31, 2017**

	Water	Wastewater	Stormwater	Totals 2017
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 336,472	\$ 666,616	\$ 58,161	\$ 1,061,249
Adjustments to Reconcile Operating Income (Loss):				
Joint meter	23,707	(23,707)	-	-
Cash Provided (Used) by Operating Activities:				
Miscellaneous	54,507	-	21,840	76,347
Depreciation	407,190	1,198,606	70,377	1,676,173
Transfer out	(314,340)	-	(21,500)	(335,840)
Pension expense	31,875	53,907	6,491	92,273
Changes in Assets and Liabilities:				
Customer accounts receivable	20,879	21,344	11,920	54,143
Other accounts receivable	-	-	(7,600)	(7,600)
Due from/to other funds	46,259	(38,741)	(832)	6,686
Accounts payable	(9,815)	(92,950)	18,774	(83,991)
Accrued liabilities	20,331	42,772	1,309	64,412
Net cash provided (used) by operating activities	\$ 617,065	\$ 1,827,847	\$ 158,940	\$ 2,603,852
<b>Noncash Activity</b>				
Plant financed through accounts payable	\$ -	\$ 1,416,882	\$ -	\$ 1,416,882
Contributions for plant	22,607	135,888	-	158,495
Net noncash activity	\$ 22,607	\$ 1,552,770	\$ -	\$ 1,575,377
<b>Reconciliation of cash and cash equivalents to statement of net position accounts</b>				
Cash and cash equivalents	\$ 1,237,616	\$ 1,460,000	\$ 261,859	\$ 2,959,475
Restricted Cash	472,132	3,790,236	-	4,262,368
Total cash and investments	1,709,748	5,250,236	261,859	7,221,843
Less: Noncash equivalents	(30,000)	(290,250)	-	(320,250)
Cash and Cash Equivalents	\$ 1,679,748	\$ 4,959,986	\$ 261,859	\$ 6,901,593

See accompanying notes to the basic financial statements

**City of Whitewater  
Whitewater, WI**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2017**

	<u><b>Tax Agency</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,386,079
Receivables:	
Taxes Receivable	4,950,917
Other Receivables	42,351
Total Assets	<u>\$ 9,379,347</u>
<b>LIABILITIES</b>	
Due to Other Funds	\$ 45,075
Due to Other Governments	9,334,272
Total Liabilities	<u>\$ 9,379,347</u>

See accompanying notes to the basic financial statements

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**1. Summary of Significant Accounting Policies**

The accounting policies of the City of Whitewater, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

**A. Reporting Entity**

This report includes all of the funds of the City of Whitewater. The reporting entity for the City consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met; (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

**Discretely Presented Component Unit**

City of Whitewater Community Development Authority

The government-wide financial statements include the City of Whitewater Community Development Authority ("authority") as a component unit. The authority is a legally separate organization. The board of the authority is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the authority, and also create a potential financial benefit to or burden on the City. See Note 13. As a component unit, the authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended 2017. The authority does not issue separate financial statements.

**Excluded Component Unit**

The City considered the potential of the Whitewater Fire Department as a component unit, but excluded it since the City does not control the Department nor can it access its financial resources. See Note 12.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

“Government-wide” financial statements are basic financial statements required for all governmental units. The statement of net position and the statement of activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds in the government-wide financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are identified as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
2. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

**Major Governmental Funds**

General Fund – accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise debt.

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.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

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

**Major and Non-Major Enterprise Funds**

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

- Water Utility – accounts for the operations of the water system. (Major Fund)
- Wastewater 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
- Parks and Recreation Fund
- Field of Dreams Fund
- Aquatic Center Fund

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:

- Other Capital Projects Fund
- 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 the Financial Statements**  
**December 31, 2017**

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

In addition, the City reports the following fund types:

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City accounts for its Tax Agency Fund as an agency fund.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Deferred outflows of resources represents a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue when earned.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**Fund Financial Statements (Continued)**

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City, which are not available, are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, and public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred inflows on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred inflows is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**1) Cash and Cash Equivalents/Investments**

Investment of City funds is restricted by State statutes. Available investments are limited to:

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

The City has adopted an investment policy. That policy follows the state statute for allowable investments but does not specifically address the risk described in Note 2.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in-transit.

See Footnote 2 for additional information.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**2) Proprietary Cash and Equivalents**

For purposes of the proprietary fund statement of cash flows, the City considers all highly liquid investments, with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments.

**3) Taxes Receivable**

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The City's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all City taxes. Since City property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2017 tax roll

Lien date and levy date	December, 2017
Tax Bills mailed	December, 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October, 2020

**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 the Financial Statements**  
**December 31, 2017**

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

**5) Interfund Transactions (Continued)**

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

**6) Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred inflows for special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Special assessments of enterprise funds are recorded as non-operating revenue at the time of assessment, if subject to collection. Deferred inflows for special assessments, those not subject to collection, are recorded as other liability until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by the County and are remitted to the City upon collection by the County. These delinquent installments are financed by the general fund.

**7) Inventories and Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction, operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**8) Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

- 9) Capital Assets**

**Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets including infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. The City has retroactively reported all infrastructure acquired by its governmental fund types.

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated straight-line based on the estimated useful life of assets. The estimated useful life of assets is determined by industry standards as recommended by GASB.

Proprietary Fund Fixed Assets - Assets in the enterprise fund are capitalized at cost or fair value at date of contribution or acquisition. Normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related assets. Net interest costs incurred for long-term debt issued for construction purposes is capitalized during the period of construction. Net interest cost consists of interest expense on long-term debt proceeds. No interest was capitalized in 2017.

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 the Financial Statements**  
**December 31, 2017**

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

- 9) Capital Assets (Continued)**

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

- 10) Debt Issuance Costs**

Debt issuance costs are recognized in the current period for the government-wide, proprietary, and governmental fund statements.

Deferred charges are recorded in the enterprise fund for extraordinary repairs. Costs are amortized over the estimated life of repair.

- 11) Compensated Absences**

**Governmental Funds**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. The entire accumulation is recorded in the statement of net assets. See Note 7.

**All Funds**

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017 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 the Financial Statements**  
**December 31, 2017**

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

**12) Long-Term Obligations/Conduit Debt (Continued)**

For the government-wide statements and the proprietary fund statements, bond premiums and discounts amortized over the life of the issue using the straight-line method. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown in the deferred outflows or inflows of resources sections of the balance sheet.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is zero.

**13) Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end requiring accrual.

**14) Equity Classifications**

**Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

- 14) Equity Classifications (Continued)**

**Fund Statements**

Government fund equity is classified as fund balance.

In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable** – resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

**Restricted** – resources with constraints placed on the use of resources are either a) externally imposed by the creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – resources which are subject to limitations the government imposes upon itself through formal action of the City Council, and that remain binding unless removed in the same manner.

**Assigned** – resources neither restricted nor committed for which a government has stated intended use for a specific purpose. This intent can be expressed through the City Council or through the City Council delegating this responsibility to the City Finance Director through the budgetary process.

**Unassigned** – resources which cannot be properly classified in one of the other four categories. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

- E. Utility Rates**

Current water rates are being reviewed by the City. Current wastewater and stormwater rates were approved by the city council on December 29, 2015. Water rates were in place on June 24, 2014.

- 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 the Financial Statements**  
**December 31, 2017**

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

**G. Deficit Balances**

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

As of December 31, 2017, the following individual funds held a deficit balance:

<b>Fund</b>	<b>Amount</b>	<b>Reason</b>
TID 4	\$(603,952)	Project costs in excess of revenues
TID 5	(30,253)	Project costs in excess of revenues
TID 7	(1,112)	Project costs in excess of revenues
Aquatic Center Fund	(158,583)	

The TID 4, TID 5, and TID 7 deficits are anticipated to be replenished with future increments. The Aquatic Center Fund deficit will be addressed in 2018.

**H. 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.

**I. Capital Contributions**

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

**J. 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.

**K. Pensions**

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

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**L. Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element represents an acquisition of net position which applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The City has one item that qualifies for reporting in the category. The deferred inflows of resources are related to the deferred property tax revenue to be received in 2018, along with the WRS pension system.

**2. Cash and Investments**

As previously discussed, cash for all City funds is pooled for investment purposes. At December 31, 2017, 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	\$ 11,897,728	\$ 12,226,692	Custodial credit risk, interest rate risk
Deposits in financial institutions - CDA	1,050,850	786,917	Custodial credit risk, interest rate risk
LGIP	<u>4,332,271</u>	<u>4,332,271</u>	Credit risk, interest rate risk
Total Cash and Investments	<u>\$ 17,280,849</u>	<u>\$ 17,345,880</u>	

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

Reconciliation to financial statements	
Per statement of net position	
Primary government	
Cash and Cash Equivalents	\$ 7,581,552
Restricted Cash and Cash	
Equivalents	4,262,368
Component unit	1,050,850
Per statement of net position -	
Fiduciary Funds	
Agency	4,386,079
Total Cash and Investments	\$ 17,280,849

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings deposit accounts and \$250,000 for demand deposit accounts. Deposits in credit unions are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts, and \$250,000 for all share certificate and regular share accounts.

Bank accounts, credit union accounts, and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual municipalities. This has been considered when determining custodial credit risk.

The City's deposits in financial institutions are collateralized by various instruments. The City has collateral agreements with two separate financial institutions in varying amounts. The total collateral for the two institutions is \$9,582,967.

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. As of December 31, 2017, the Local Government Investment Pool (LGIP) investments have an average maturity of 35 days and a fair value of \$4,332,271.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

The City also had certificates of deposits with varying maturities as follows:

Total of CDs City	\$ 446,785
Total of CDs CDA	25,283
	\$ 472,068
Maturing by 12/31/18	55,448
Maturing by 12/31/19	391,620
Maturing by 6/30/20	25,000
	\$ 472,068

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.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>.

Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

Investment allocation in the LGIP as of December 31, 2017 was: 89.97% in U.S. Government Securities, 1.52% in Certificates of Deposit and Bankers' Acceptances and 8.51% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

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.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

Custodial Credit Risk (Continued)

As of December 31, 2017, 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>\$ 9,664,157</u>
Uninsured and uncollateralized	<u>\$ -</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	\$ 8,752
Special assessments	<u>1,621</u>
Total	<u>\$ 10,373</u>

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	\$ -	\$ 5,460,556	\$ 5,460,556
Special assessments not yet due	1,621	-	1,621
Taxi-cab grant	11,855	-	11,855
Sale of land	38,500	-	38,500
Other items	-	28,016	28,016
Tournament fees	-	12,846	12,846
Aquatic center school revenue	-	<u>64,000</u>	<u>64,000</u>
Total Deferred Inflows of Resources			
For Governmental Funds	<u>\$ 51,976</u>	<u>\$ 5,565,418</u>	<u>\$ 5,617,394</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**4. Restricted Assets**

The following represent the balances of the restricted cash and cash equivalents:

**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.

**Clean Water Fund Loan Account**

The wastewater utility established this account in order to track clean water fund loan proceeds and reimbursements.

Following is a list of the restricted cash and cash equivalents at December 31, 2017:

	Water Utility	Wastewater Utility	Totals
Restricted Assets			
Redemption account	\$ 204,000	\$ 1,683,473	\$ 1,887,473
Depreciation account	-	25,000	25,000
Reserve account	268,132	223,000	491,132
Connection account	-	308,268	308,268
DNR Replacement account	-	1,134,836	1,134,836
Clean Water Fund Loan account	-	415,659	415,659
	<u>          </u>	<u>          </u>	<u>          </u>
Total Restricted Assets	<u>\$ 472,132</u>	<u>\$ 3,790,236</u>	<u>\$ 4,262,368</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

**5. Capital Assets**

Capital asset activity in the governmental activities for the year ended December 31, 2017 was as follows:

	1/1/2017 Beginning Balance	Additions	Deletions	12/31/2017 Ending Balance
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 478,588	\$ 186,523	\$ 449,517	\$ 215,594
Land	2,947,791	76,830	-	3,024,621
Right of way	1,830,165	-	-	1,830,165
Land improvements	4,841,168	-	-	4,841,168
Total Capital Assets Not Being Depreciated	<u>10,097,712</u>	<u>263,353</u>	<u>449,517</u>	<u>9,911,548</u>
Capital Assets Being Depreciated				
Land Improvements	782,189	-	-	782,189
Buildings	12,367,296	72,560	-	12,439,856
Traffic and Street Lights	909,297	-	-	909,297
Machinery and Equipment	9,139,428	658,641	-	9,798,069
Streets	25,899,612	449,517	-	26,349,129
Sidewalks	973,567	-	-	973,567
Curb and Gutter	691,467	-	-	691,467
Total Capital Assets Being Depreciated	<u>50,762,856</u>	<u>1,180,718</u>	<u>-</u>	<u>51,943,574</u>
Accumulated Depreciation				
Land improvements	355,823	26,254	-	382,077
Buildings	4,670,588	298,665	-	4,969,253
Traffic and street lights	300,120	27,043	-	327,163
Machinery and equipment	6,493,365	543,780	-	7,037,145
Streets	8,469,866	504,149	-	8,974,015
Sidewalks	215,636	21,365	-	237,001
Curb and gutter	153,053	17,286	-	170,339
Total Accumulated Depreciation	<u>20,658,451</u>	<u>1,438,542</u>	<u>-</u>	<u>22,096,993</u>
Capital Assets, Net of Depreciation	<u>\$ 40,202,117</u>	<u>\$ 5,529</u>	<u>\$ 449,517</u>	<u>\$ 39,758,129</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

**5. Capital Assets (Continued)**

Depreciation expense for the governmental activities is as follows:

Government Activities		
General Government	\$	160,811
Public Safety		340,480
Public Works, which includes the depreciation of streets (including curb and gutter) and sidewalks		776,021
Culture, Recreation and Education		<u>161,230</u>
Total Governmental Activities Depreciation Expense	\$	<u><u>1,438,542</u></u>

Capital asset activity in the business-type activities for the year ended December 31, 2017 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	\$ 79,304	\$ 13,326	\$ 71,801	\$ 20,829
Land and land rights	<u>6,727</u>	<u>-</u>	<u>-</u>	<u>6,727</u>
Total Capital Assets Not Being Depreciated	<u>86,031</u>	<u>13,326</u>	<u>71,801</u>	<u>27,556</u>
Capital Assets Being Depreciated				
Source of supply	633,563	71,801	-	705,364
Pumping	1,212,857	-	-	1,212,857
Water treatment	1,458,742	-	-	1,458,742
Transmission and distribution	14,739,364	55,470	4,900	14,789,934
Administrative and general assets	<u>487,570</u>	<u>-</u>	<u>-</u>	<u>487,570</u>
Total Capital Assets Being Depreciated	<u>18,532,096</u>	<u>127,271</u>	<u>4,900</u>	<u>18,654,467</u>
Total Capital Assets	<u>18,618,127</u>	<u>140,597</u>	<u>76,701</u>	<u>18,682,023</u>
Less: Accumulated depreciation	<u>6,595,970</u>	<u>430,897</u>	<u>4,900</u>	<u>7,021,967</u>
Net Capital Assets	<u><u>\$ 12,022,157</u></u>	<u><u>\$ (290,300)</u></u>	<u><u>\$ 71,801</u></u>	<u><u>\$ 11,660,056</u></u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

**5. Capital Assets (Continued)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 11,074,012	\$ 9,879,302	\$ 57,346	\$ 20,895,968
Land and land rights	185,636	-	-	185,636
Total Capital Assets Not Being Depreciated	11,259,648	9,879,302	57,346	21,081,604
Capital Assets Being Depreciated				
Collection system	13,708,329	-	-	13,708,329
Treatment and disposal	25,992,568	57,346	-	26,049,914
General	1,078,154	22,671	-	1,100,825
Total Capital Assets Being Depreciated	40,779,051	80,017	-	40,859,068
Total Capital Assets	52,038,699	9,959,319	57,346	61,940,672
Less: Accumulated depreciation	26,185,360	1,174,899	-	27,360,259
Net Capital Assets	<u>\$ 25,853,339</u>	<u>\$ 8,784,420</u>	<u>\$ 57,346</u>	<u>\$ 34,580,413</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 115,584	\$ 59,267	\$ -	\$ 174,851
Total Capital Assets Not Being Depreciated	115,584	59,267	-	174,851
Capital Assets Being Depreciated				
Infrastructure	5,213,121	-	-	5,213,121
Less: Accumulated depreciation	417,020	70,377	-	487,397
Net Capital Assets	<u>\$ 4,911,685</u>	<u>\$ (11,110)</u>	<u>\$ -</u>	<u>\$ 4,900,575</u>

Listed below is the depreciation expense for the utilities.

<b>Business Type Activities</b>	
Water Utility	\$ 407,190
Wastewater Utility	1,198,606
Stormwater Utility	70,377
Total Business-Type Activities Depreciation Expense	<u>\$ 1,676,173</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**6. Interfund Receivables/Payables, Advances and Transfers**

**Interfund Receivables/Payables**

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

Receivable Fund	Payable Fund	Amount
General Fund	Police Department Trust Fund	\$ 328
General Fund	Aquatic Center Fund	65,194
General Fund	TID #5	16,440
General Fund	Water Utility	6,840
General Fund	Tax Collection Fund	45,075
General Fund	Rescue Squad Fund	125
Subtotal - General Fund		134,002
TID #8	TID #6	144
Other Capital Projects Funds	TID #4	660
Subtotal - Other Funds		804
Subtotal - Fund Financial Statements		134,806
Less: Fund Eliminations		(127,966)
Total - Government-Wide Statements		\$ 6,840
Receivable Fund	Payable Fund	Amount
Governmental Activity	Business-type Activity	\$ (6,840)
Business-type Activity	Governmental Activity	6,840
	Total	\$ -

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**6. Interfund Receivables/Payables, Advances and Transfers (Continued)**

The principal purpose of these interfunds is due to commingled cash. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are due within one year.

For the statement of net position, interfund balances which are owed within the governmental activities, business-type activities, and component unit are netted and eliminated.

**Advances**

In 2010, the CDA fund advanced \$750,000 to TID #4 to be used for construction costs for an innovation center. The advance to the TID #4 fund from the CDA fund is not set up for repayment. The City and CDA have not yet finalized any payment details, but it is anticipated to be repaid from future increment.

The following is a schedule of interfund advances:

<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 #5	17,000	-
General Fund	TID #7	1,200	-
Total - Government-Wide Statement of Net Position		<u>\$ 768,200</u>	<u>\$ -</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

**6. Interfund Receivables/Payables, Advances and Transfers (Continued)**

**Transfers**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Cable TV Fund	\$ 14,201	Administrative reimbursement
General Fund	Parking Maintenance	42,000	Administrative reimbursement
General Fund	Parks and Recreation	29,017	Administrative reimbursement
General Fund	Other Capital Projects	75,000	Administrative reimbursement
General Fund	Water Utility	314,340	Tax equivalent
DPW Equipment	Stormwater Utility	21,500	Capital equipment
Subtotal - General Fund		<u>496,058</u>	
Debt Service Fund	TID No. 4	2,308,082	Debt service payment
Debt Service Fund	TID No. 6	24,839	Debt service payment
TID No. 4	Debt Service	330,796	Debt service reclassification
Aquatic Center Fund	Other Capital Projects	50,000	Capital improvements
Aquatic Center Fund	General Fund	78,000	Appropriation
Other Capital Projects	General Fund	130,000	Appropriation
Library Special Revenue Fund	General Fund	502,576	Operations
Taxicab Grant Program	General Fund	8,494	City portion
Subtotal - Other Funds		<u>3,432,787</u>	
Sub-Total – Fund Financial Statements		3,928,845	
Less: Fund Eliminations		<u>(3,593,005)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 335,840</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 the Financial Statements**  
**December 31, 2017**

**7. Long-Term Obligations**

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2017.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 17,132,957	\$ 287,000	\$ 2,565,000	\$ 14,854,957	\$ 3,002,587
Sub-Total	<u>17,132,957</u>	<u>287,000</u>	<u>2,565,000</u>	<u>14,854,957</u>	<u>3,002,587</u>
Other Liabilities					
Vested Compensated Absences	251,981	43,498	-	295,479	61,822
Total Other Liabilities	<u>251,981</u>	<u>43,498</u>	<u>-</u>	<u>295,479</u>	<u>61,822</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 17,384,938</u>	<u>\$ 330,498</u>	<u>\$ 2,565,000</u>	<u>\$ 15,150,436</u>	<u>\$ 3,064,409</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
Revenue Bonds	\$ 13,888,992	\$ 9,084,407	\$ 363,204	\$ 22,610,195	\$ 377,810
General obligation debt	3,322,043	-	120,000	3,202,043	1,562,043
Total Long-Term Debt	<u>17,211,035</u>	<u>9,084,407</u>	<u>483,204</u>	<u>25,812,238</u>	<u>1,939,853</u>
Other Liabilities					
Vested Compensated Absences	150,501	33,307	-	183,808	14,117
Total Other Liabilities	<u>150,501</u>	<u>33,307</u>	<u>-</u>	<u>183,808</u>	<u>14,117</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 17,361,536</u>	<u>\$ 9,117,714</u>	<u>\$ 483,204</u>	<u>\$ 25,996,046</u>	<u>\$ 1,953,970</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

**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, 2017 is \$32,338,750. Debt subject to the limit is \$18,057,000. 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 12/31/17</u>	<u>Current Portion</u>
Governmental Activities						
2010 Taxable GO						
Bonds	2/9/2010	12/1/2029	2.8-6.05	\$ 3,290,000	\$ 2,615,000	\$ 180,000
2010 GO Refunding						
Bonds	9/1/2010	9/1/2020	2.3-3.0	\$ 5,000,000	2,335,000	935,000
2010 Taxable GO						
Bonds	10/12/2010	9/1/2027	.75-5.0	\$ 2,110,000	1,745,000	90,000
2012 GO Refunding						
Bonds	5/17/2012	9/1/2031	.85-3.25	\$ 5,020,000	4,200,000	340,000
2014 Taxable GO						
Bonds	6/10/2014	9/1/2029	.5-3.0	\$ 2,645,000	2,415,000	145,000
2016 Taxable GO						
Notes	4/15/2016	4/15/2018	0.71-1.43	\$ 1,257,957	1,257,957	1,257,957
2017 Taxable GO						
Notes	2/15/2017	2/15/2022	2.45-2.46	\$ 287,000	287,000	54,630
Total Governmental Activities -- General Obligation Debt					<u>\$ 14,854,957</u>	<u>\$ 3,002,587</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 3,002,587	\$ 461,433
2019	1,425,981	401,791
2020	1,457,366	362,063
2021	888,784	318,790
2022	915,238	290,067
2023-2027	5,005,000	947,348
2028-2031	2,160,000	168,353
Totals	\$ 14,854,957	\$ 2,949,845

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

The following is business-type debt outstanding:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>	<u>Current Portion</u>
<u>Water Utility</u>						
2011 Mortgage Revenue Bonds	6/7/2011	10/1/2026	1.6-4.0%	\$ 940,000	\$ 625,000	\$ 60,000
2012 Mortgage Revenue Bonds	5/17/2012	10/1/2027	.85-2.85%	\$ 855,000	600,000	55,000
	Total water utility revenue bonds				<u>1,225,000</u>	<u>115,000</u>
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 510,000	425,000	30,000
2016 Taxable GO Notes	4/15/2016	4/15/2018	0.71-1.43%	\$ 598,181	598,181	598,181
	Total Water Utility long-term debt				<u>2,248,181</u>	<u>743,181</u>
<u>Wastewater Utility</u>						
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	\$ 50,000	\$ 1,959,442	\$ 138,774
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	\$ 115,954	476,420	29,036
2012 Mortgage Revenue Bonds	5/17/2012	11/1/2027	.85-2.85%	\$ 1,485,000	1,035,000	95,000
2016 Clean Water Fund Loan	4/13/2016	5/1/2035	2.10%	\$ 8,829,926	17,914,333	-
	Total wastewater utility revenue bonds				<u>21,385,195</u>	<u>262,810</u>
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 220,000	185,000	15,000
2016 Taxable GO Notes	4/15/2016	4/15/2018	0.71-1.43%	\$ 547,690	547,690	547,690
	Total Wastewater Utility long-term debt				<u>22,117,885</u>	<u>825,500</u>
<u>Stormwater Utility</u>						
2012 GO Refunding Bonds	5/17/2012	9/1/2031	.85-3.25%	\$ 455,000	395,000	20,000
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 905,000	755,000	55,000
2016 Taxable GO Notes	4/15/2016	4/15/2018	0.71-1.43%	\$ 296,172	296,172	296,172
	Total Stormwater Utility long-term debt				<u>1,446,172</u>	<u>371,172</u>
	Total Business-type Activities Debt				<u>\$ 25,812,238</u>	<u>\$ 1,939,853</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

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

<u>Years</u>	Business-type Activities	
	<u>Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,939,853	\$ 556,996
2019	1,390,308	522,735
2020	1,428,820	492,040
2021	1,472,862	460,201
2022	1,502,446	425,905
2023-2027	7,950,833	1,593,290
2028-2032	6,489,080	721,752
2033-2035	3,638,036	115,657
Total	<u>\$ 25,812,238</u>	<u>\$4,888,576</u>

**C. Other Debt**

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

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

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

**8. Commitments and Contingencies**

Federal Grant Programs

The City participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at December 31, 2017 may be impaired. In the opinion of management, no material adjustments will result from any such audits.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

Wastewater Treatment Plant Upgrades

The City has plans for a wastewater treatment plant upgrade project that is expected to cost \$24,357,638. To date, the City has paid engineering, planning, and construction costs of approximately \$20.86 million. Financing is anticipated through existing fund reserve and the state's Clean Water fund Loan Program.

**9. Net Position/Fund Balances**

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2017 includes the following:

Capital Assets net of depreciation	\$ 39,758,129
Less: long-term debt outstanding	(14,854,957)
Total Net Investment in Capital Assets	24,903,172
Restricted	
Subdividers park fees	103,507
Rescue Squad Equipment	165,471
Taxicab	63,538
Library	660,737
Cable TV	64,777
Forestry	11,254
Parking Permits	53
Police Department Trust	55,211
Parks and Recreation Fund	1,784
Field of Dreams	22,407
TIF districts	63,175
Other capital projects	242,412
Debt service	175,532
Total Restricted	1,629,858
Unrestricted	2,153,140
Total Governmental Activities Net Position	\$ 28,686,170

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

Fund balances as of December 31, 2017 include the items in the following tables:

**Major Funds**

<u>General Fund</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Delinquent personal property tax	\$ 8,752	\$ -	\$ -	\$ -
Prepaid expenses	97,938	-	-	-
Advances	18,200	-	-	-
27th Payroll	-	-	-	746
Fire Department Equipment	-	-	113,828	-
DPWs Equipment Revolving Fund	-	-	63,951	-
Police Vehicle Revolving Fund (deficit)	-	-	-	(2,842)
Government Equipment	-	-	26,571	-
Skate Park	-	-	3,211	-
Solid Waste/Recycling	-	-	29,903	-
Sick Leave Severance (deficit)	-	-	-	(6,039)
Lakes Improvements	-	-	475	-
Street Repair Revolving Fund	-	-	439,229	-
Insurance Fund	-	-	26,975	-
Elections Fund	-	-	13,969	-
Unassigned	-	-	-	1,553,407
Total General Fund	<u>\$ 124,890</u>	<u>\$ -</u>	<u>\$ 718,112</u>	<u>\$ 1,545,272</u>

**Debt Service Fund**

Restricted for other debt	\$ 175,532
Total Debt Service Fund	<u>\$ 175,532</u>

**TID 4 Capital Projects Fund**

TIF fund (deficit)	<u>\$ (603,952)</u>
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**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

<u>Non-Major Funds</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Special Revenue Funds				
Cable Television	\$ -	\$ 64,777	\$ -	\$ -
Library Special Revenue	-	660,737	-	-
Taxi Cab Grant	-	63,538	-	-
Parkland Acquisition	-	46,628	-	-
Parkland Development	-	56,879	-	-
Forestry Fund	-	11,254	-	-
Rescue Squad Equipment	-	165,471	-	-
Parking Permit	-	53	-	-
Police Dept. Trust	-	55,211	-	-
Parks and Recreation Fund	-	1,784	-	-
Field of Dreams	-	22,407	-	-
Aquatic Center (deficit)	-	-	-	(158,583)
Capital Projects Funds				
Other Capital Projects Funds	-	242,412	-	-
TID #5 (deficit)	-	-	-	(30,253)
TID #6	-	41,261	-	-
TID #7 (deficit)	-	-	-	(1,112)
TID #8	-	19,391	-	-
TID #9	-	2,523	-	-
Total Non-Major Funds	<u>\$ -</u>	<u>\$ 1,454,326</u>	<u>\$ -</u>	<u>\$ (189,948)</u>

**Business-Type Activities**

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

	<u>2017</u>
<b>Water Utility</b>	
Capital Assets net of depreciation	\$ 11,660,056
Less: related long-term debt outstanding	<u>(2,248,181)</u>
Total Invested in Capital Assets	<u>9,411,875</u>
Reserve from borrowing	<u>268,132</u>
Total Net Position - Net Investment in Capital Assets	<u>\$ 9,680,007</u>

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

**9. Net Position/Fund Balances (Continued)**  
**Business-Type Activities (Continued)**

	2017
<b>Wastewater Utility</b>	
Capital Assets net of depreciation	\$ 34,580,413
Less: related long-term debt outstanding	(22,117,885)
Total Invested in Capital Assets	12,462,528
Reserve from borrowing	223,000
Total Net Position - Net Investment in Capital Assets	\$ 12,685,528
	2017
<b>Stormwater Utility</b>	
Capital Assets net of depreciation	\$ 4,900,575
Less: related long-term debt outstanding	(1,446,172)
Total Invested in Capital Assets	3,454,403
Total Net Position - Net Investment in Capital Assets	\$ 3,454,403

The following calculation supports the water, wastewater, and stormwater utilities' balance of restricted net position as of December 31, 2017:

	Water	Wastewater
Restricted Assets		
Redemption account	\$ 204,000	\$ 1,683,473
Reserve account	268,132	223,000
Depreciation account	-	25,000
Connection account	-	308,268
Replacement account	-	1,134,836
Clean Water Fund Loan account	-	415,659
Total Restricted Assets	472,132	3,790,236
Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	(268,132)	(223,000)
Current Liabilities Payable From Restricted Assets	(17,028)	(81,063)
Total Restricted Net Position as Calculated	\$ 186,972	\$ 3,486,173

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**10. Defined Benefit Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$378,440 in contributions from the municipality.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers, Executives and Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the City reported a liability (asset) of \$330,494 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.04009691%, which was a decrease of 0.0002726% from its proportion measured as of December 31, 2015.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

For the year ended December 31, 2017, the City recognized pension expense of \$860,051.

Pension amounts have been allocated to the proprietary and CDA funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary and CDA funds and business-type activities relative to the total contributions made by the City.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 126,018	\$ (1,039,376)
Changes of assumptions	345,545	-
Net difference between projected and actual earnings on pension plan investments	1,645,096	-
Changes in proportion and difference between Employer contributions and proportionate share of contributions	27,316	-
Employer contributions subsequent to the measurement date	<u>421,690</u>	<u>-</u>
Total	<u>\$ 2,565,664</u>	<u>\$ (1,039,376)</u>

\$421,690 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2018	\$ 447,903
2019	\$ 447,903
2020	\$ 305,653
2021	\$ (97,472)
2022	\$ 611

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**Actuarial assumptions.** The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012–2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

<b>Asset Allocation Targets and Expected Returns</b>						
As of December 31, 2016						
Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %		
Global Equities	50 %	45 %	8.3 %	5.4 %		
Fixed Income	24.5	37	4.2	1.4		
Inflation Sensitive Assets	15.5	20	4.3	1.5		
Real Estate	8	7	6.5	3.6		
Private Equity/Debt	8	7	9.4	6.5		
Multi-Asset	4	4	6.6	3.7		
Total Core Fund	110	120	7.4	4.5		
<b>Variable Fund Asset Class</b>						
U.S. Equities	70	70	7.6	4.7		
International Equities	30	30	8.5	5.6		
Total Variable Fund	100	100	7.9	5		
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%						
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations						

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

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

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
City's proportionate share of the net pension liability (asset)	\$ 4,347,864	\$ 330,494	\$ (2,763,062)

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

**11. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

**12. Joint Venture – Whitewater Fire Department**

The City and the Whitewater Volunteer Fire Department have a mutual understanding regarding the providing of fire and emergency medical services. The Department currently provides fire and emergency medical services to the City as well as some rural townships.

The Department has been operating as a separate organization. The Department Chief and assistant chiefs are elected by the Fire Department membership. Even though the Department has operated as a separate entity, the City may be liable for actions undertaken by the Department.

The City has provided payroll billing and accounting services for the Department. The City’s financial statements do not include financial transactions related to the Department other than the City’s portion of fire costs.

The City reviews and the City provides funding as set forth in the budget. The determination of the amount of the City’s contribution to the Fire Department is vested with the City council.

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**13. Aquatic Center Lease and Operating Agreement**

The City and the Whitewater Unified School District have a lease and operating agreement for the Aquatic Center. The facility is owned by the District and leased by the City for \$1 annually. The agreement provides for the operation of the Aquatic Facility at the end of the prior agreement dated December 14, 2016. The previous agreement required the City and District to fund and manage construction of the Facility and create an operating entity to manage the facility.

The new agreement specifies that the City of Whitewater Park Board will assume responsibility for the operation and management of the Aquatic facility. The effective date is July 1, 2016 for an initial five-year term expiring June 30, 2021.

The budget for the Facility will be separate. The parties will split all Aquatic Facility expenses equally to the extent they are not covered by revenues generated by the Park Board. The city shall contribute \$128,000 toward the Aquatic facility costs and the District shall contribute \$70,500 each July 1 and \$50,000 each January 1 for Aquatic Facility Costs.

As of December 31, 2017, the aquatic center fund had a deficit of \$158,583.

**14. Component Unit**

This report contains the City of Whitewater Community Development Authority (CDA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and the statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

The CDA's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risk
Demand deposits	\$ 1,050,850	\$ 786,917	Custodial Credit Risk, Interest Rate risk

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

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**14. Component Unit (Continued)**

b. Deposits and Investments (Continued)

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

**Custodial Credit Risk**

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the CDA’s deposits may not be returned to the CDA.

As of December 31, 2017, none of the CDA’s total bank balance of \$786,917 was exposed to custodial credit.

The CDA has a CD of \$25,283 as of December 31, 2017. It is set to mature within one year.

c. 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, net \$2,120,123

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 275,172	\$ -	\$ -	\$ 275,172	N/A
Equipment	6,990	-	-	6,990	5-10
Buildings	6,087,994	-	-	6,087,994	35-40
Accumulated Depreciation					
Equipment	(6,268)	(112)	-	(6,380)	
Buildings	(730,559)	(121,760)	-	(852,319)	
Totals	<u>\$5,633,329</u>	<u>\$ (121,872)</u>	<u>\$ -</u>	<u>\$ 5,511,457</u>	

**CITY OF WHITEWATER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**14. Component Unit (Continued)**

e. 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 10.

f. Transfers in

The CDA recorded a transfer of \$190,000 from the City.

g. Due from City

The CDA has a long-term advance receivable from the City as disclosed in Note 6. No repayment schedule has been established yet.

**15. Economic Dependency**

One of the City’s Water Utility customers provides approximately 19.5% of the water revenue.

**16. Subsequent Events**

In April 2018, the City incurred \$6,540,000 in general obligation bonds to help fund street reconstruction projects in the water, wastewater, and stormwater utilities, along with general street projects. Projects in excess of \$1,000,000 have been approved in 2018 to date. A portion of the bonds are to be used to provide funds for a current refunding of \$2,700,000 of general obligation promissory notes issued in 2016.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Whitewater**  
**Whitewater, WI**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (with Budget to GAAP Differences)**  
**General Fund**  
**For the year ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Budget to GAAP</u>	<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Differences</u>	<u>GAAP Basis</u>
<b>REVENUES</b>					
Property Taxes	\$ 2,675,097	\$ 2,675,097	\$ 2,720,150	\$ -	\$ 2,720,150
Special Assessment Revenue	13,400	13,400	1,312	-	1,312
Intergovernmental	4,615,349	4,615,349	4,605,023	31,691	4,636,714
License and Permits	86,785	86,785	167,805	-	167,805
Fines, Forfeits and Penalties	412,784	412,784	396,749	-	396,749
Public Charges for Services	68,750	68,750	63,016	720	63,736
Interest Income	26,000	26,000	53,685	2,034	55,719
Miscellaneous Income	58,127	58,127	62,631	-	62,631
Total Revenues	<u>7,956,292</u>	<u>7,956,292</u>	<u>8,070,371</u>	<u>34,445</u>	<u>8,104,816</u>
<b>EXPENDITURES</b>					
Current:					
General Government	1,552,280	1,552,280	1,561,199	139,075	1,700,274
Public Safety	3,730,933	3,730,933	3,723,154	335,781	4,058,935
Public Works	1,054,098	1,054,098	1,054,098	393,084	1,447,182
Culture, Recreation and Education	697,930	697,930	593,822	-	593,822
Capital Outlay	-	-	-	217,942	217,942
Total Expenditures	<u>7,035,241</u>	<u>7,035,241</u>	<u>6,932,273</u>	<u>1,085,882</u>	<u>8,018,155</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>921,051</u>	<u>921,051</u>	<u>1,138,098</u>	<u>(1,051,437)</u>	<u>86,661</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Long-Term Debt	-	-	-	287,000	287,000
Transfers In	494,017	481,218	474,558	21,500	496,058
Transfers Out	(1,415,068)	(1,415,068)	(1,493,068)	683,998	(809,070)
Total Other Financing Sources and Uses	<u>(921,051)</u>	<u>(933,850)</u>	<u>(1,018,510)</u>	<u>992,498</u>	<u>(26,012)</u>
Net Change in Fund Balances	-	(12,799)	119,588	(58,939)	60,649
Fund Balances - Beginning	1,558,709	1,558,709	1,558,709	768,916	2,327,625
Fund Balances - Ending	<u>\$ 1,558,709</u>	<u>\$ 1,545,910</u>	<u>\$ 1,678,297</u>	<u>\$ 709,977</u>	<u>\$ 2,388,274</u>

**CITY OF WHITEWATER  
WISCONSIN RETIREMENT SYSTEM  
December 31, 2017**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
AS OF THE MEASUREMENT DATE  
Last 10 Fiscal Years**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2016	0.04009691%	\$ 330,494	\$ 5,007,766	6.60%	99.12%
2015	0.04036951%	655,997	5,156,137	12.72%	98.20%
2014	0.04072418%	(1,000,022)	4,826,161	(20.72%)	102.74%

**SCHEDULE OF CITY'S CONTRIBUTIONS  
FOR THE YEAR ENDED  
Last 10 Fiscal Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2017	\$ 421,690	\$ (421,690)	\$ -	\$ 5,085,068	8.29%
2016	385,047	(385,047)	-	5,008,036	7.69%
2015	435,190	(435,190)	-	5,156,137	8.44%

**CITY OF WHITEWATER**  
**Notes to the Required Supplementary Information**  
**December 31, 2017**

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**1. 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.

**Excess Expenditures over Appropriations**

Budgetary expenditure control is exercised at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

The City's General Fund had expenditures in excess of budget as follows:

General Government    \$8,919

Revenues were sufficient to cover the expenditures.

**2. Wisconsin Retirement System Schedules**

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* Rates used in mortality tables were updated on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scales (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

**OTHER SUPPLEMENTAL INFORMATION**

City of Whitewater  
Whitewater, WI  
Balance Sheet  
Combining General Fund  
December 31, 2017

	General Fund	27th Payroll	Fire Dept. Equipment Fund	DPW Equipment Revolving Fund	Police Vehicle Revolving Fund	Building Repair Fund	Skate Park Fund	Solid Waste Recycling Fund	Sick Leave Severance Fund	Lakes Improvement Fund	Street Repair Rev. Fund	Insurance Fund	Elections Fund	Total General Fund
<b>ASSETS</b>														
Cash and Cash Equivalents	\$ 1,885,065	746	\$ 113,828	\$ 63,951	\$ (2,842)	\$ 26,571	\$ 3,211	\$ 30,258	\$ (6,039)	\$ 475	\$ 487,534	\$ 26,975	\$ 13,991	\$ 2,643,724
Receivables:														
Taxes	3,473,800	-	-	-	-	-	-	-	-	-	-	-	-	3,473,800
Delinquent Personal Property Taxes	8,752	-	-	-	-	-	-	-	-	-	-	-	-	8,752
Special Assessments	7,431	-	-	-	-	-	-	-	-	-	-	-	-	7,431
Other	124,378	-	-	-	-	-	-	-	-	-	-	-	-	124,378
Due from Other Governments	31,102	-	-	-	-	-	-	-	-	-	-	-	-	31,102
Due from Other Funds	134,002	-	-	-	-	-	-	-	-	-	-	-	-	134,002
Prepaid Expenses	97,938	-	-	-	-	-	-	-	-	-	-	-	-	97,938
Advances receivable	18,200	-	-	-	-	-	-	-	-	-	-	-	-	18,200
Total Assets	<u>\$ 5,780,668</u>	<u>\$ 746</u>	<u>\$ 113,828</u>	<u>\$ 63,951</u>	<u>\$ (2,842)</u>	<u>\$ 26,571</u>	<u>\$ 3,211</u>	<u>\$ 30,258</u>	<u>\$ (6,039)</u>	<u>\$ 475</u>	<u>\$ 487,534</u>	<u>\$ 26,975</u>	<u>\$ 13,991</u>	<u>\$ 6,539,327</u>
<b>LIABILITIES</b>														
Accounts Payable	\$ 201,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355	\$ -	\$ -	\$ 48,305	\$ -	\$ 22	\$ 250,400
Accrued Liabilities	358,715	-	-	-	-	-	-	-	-	-	-	-	-	358,715
Total Liabilities	<u>560,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>-</u>	<u>-</u>	<u>48,305</u>	<u>-</u>	<u>22</u>	<u>609,115</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,541,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,541,938</u>
<b>FUND BALANCE</b>														
Nonspendable	124,890	-	-	-	-	-	-	-	-	-	-	-	-	124,890
Assigned	-	-	113,828	63,951	-	26,571	3,211	29,903	-	475	439,229	26,975	13,969	718,112
Unassigned	1,553,407	746	-	-	(2,842)	-	-	-	(6,039)	-	-	-	-	1,545,272
Total Fund Balance (Deficit)	<u>1,678,297</u>	<u>746</u>	<u>113,828</u>	<u>63,951</u>	<u>(2,842)</u>	<u>26,571</u>	<u>3,211</u>	<u>29,903</u>	<u>(6,039)</u>	<u>475</u>	<u>439,229</u>	<u>26,975</u>	<u>13,969</u>	<u>2,388,274</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 5,780,668</u>	<u>\$ 746</u>	<u>\$ 113,828</u>	<u>\$ 63,951</u>	<u>\$ (2,842)</u>	<u>\$ 26,571</u>	<u>\$ 3,211</u>	<u>\$ 30,258</u>	<u>\$ (6,039)</u>	<u>\$ 475</u>	<u>\$ 487,534</u>	<u>\$ 26,975</u>	<u>\$ 13,991</u>	<u>\$ 6,539,327</u>

City of Whitewater  
Whitewater, WI

Statement of Revenues, Expenditures and Changes in Fund Balances  
Combining General Fund  
For the Year Ended December 31, 2017

	General Fund	27th Payroll	Fire Dept. Equipment Fund	DPW Equipment Revolving Fund	Police Vehicle Revolving Fund	Building Repair Fund	Skate Park Fund	Solid Waste Recycling Fund	Sick Leave Severance Fund	Lakes Improvement Fund	Street Repair Rev. Fund	Insurance Fund	Elections Fund	Total General Fund
<b>REVENUES</b>														
Property Taxes	\$ 2,720,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,720,150
Special Assessment Revenue	1,312	-	-	-	-	-	-	-	-	-	-	-	-	1,312
Intergovernmental	4,605,023	-	-	-	-	-	-	31,691	-	-	-	-	-	4,636,714
License and Permits	167,805	-	-	-	-	-	-	-	-	-	-	-	-	167,805
Fines, Forfeits and Penalties	396,749	-	-	-	-	-	-	-	-	-	-	-	-	396,749
Public Charges for Services	63,016	-	-	-	-	-	-	720	-	-	-	-	-	63,736
Interest Income	53,685	3	276	358	-	-	-	-	310	-	1,087	-	-	55,719
Miscellaneous Income	62,631	-	-	-	-	-	-	-	-	-	-	-	-	62,631
Total Revenues	8,070,371	3	276	358	-	-	-	32,411	310	-	1,087	-	-	8,104,816
<b>EXPENDITURES</b>														
Current:														
General Government	1,561,199	-	-	-	-	-	-	-	68,738	-	59,306	-	11,031	1,700,274
Public Safety	3,723,154	-	292,364	-	43,417	-	-	-	-	-	-	-	-	4,058,935
Public Works	1,054,098	-	-	-	-	-	-	393,084	-	-	-	-	-	1,447,182
Culture, Recreation and Education	593,822	-	-	-	-	-	-	-	-	-	-	-	-	593,822
Capital Outlay	-	-	-	200,806	-	17,136	-	-	-	-	-	-	-	217,942
Total Expenditures	6,932,273	-	292,364	200,806	43,417	17,136	-	393,084	68,738	-	59,306	-	11,031	8,018,155
Excess (Deficiency) of Revenues Over Expenditures	1,138,098	3	(292,088)	(200,448)	(43,417)	(17,136)	-	(360,673)	(68,428)	-	(58,219)	-	(11,031)	86,661
<b>OTHER FINANCING SOURCES (USES)</b>														
Proceeds from Long-Term Debt	-	-	287,000	-	-	-	-	-	-	-	-	-	-	287,000
Transfers In	474,558	-	-	21,500	-	-	-	-	-	-	-	-	-	496,058
Transfers Out	(1,493,068)	-	-	85,000	35,000	6,800	-	382,198	-	-	150,000	-	25,000	(809,070)
Total Other Financing Sources and Uses	(1,018,510)	-	287,000	106,500	35,000	6,800	-	382,198	-	-	150,000	-	25,000	(26,012)
Net Change in Fund Balances	119,588	3	(5,088)	(93,948)	(8,417)	(10,336)	-	21,525	(68,428)	-	91,781	-	13,969	60,649
Fund Balances - Beginning	1,558,709	743	118,916	157,899	5,575	36,907	3,211	8,378	62,389	475	347,448	26,975	-	2,327,625
Fund Balances (Deficit) - Ending	\$ 1,678,297	746	\$ 113,828	\$ 63,951	\$ (2,842)	\$ 26,571	\$ 3,211	\$ 29,903	\$ (6,039)	\$ 475	\$ 439,229	\$ 26,975	\$ 13,969	\$ 2,388,274

**City of Whitewater  
Whitewater, WI**

**Balance Sheet  
Non-Major Governmental Funds  
December 31, 2017**

	<b>Non-Major Special Revenue Funds</b>	<b>Non-Major Capital Projects Funds</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,266,379	\$ 389,738	\$ 1,656,117
Receivables:			
Taxes	-	84,133	84,133
Other	1,761	-	1,761
Due from Other Funds	-	804	804
Due from Other Governments	11,855	-	11,855
Total Assets	\$ 1,279,995	\$ 474,675	\$ 1,754,670
<b>LIABILITIES</b>			
Accounts Payable	\$ 110,488	\$ 81,536	\$ 192,024
Accrued Liabilities	25,004	-	25,004
Due to Other Funds	65,646	16,584	82,230
Advances Payable	-	18,200	18,200
Total Liabilities	201,138	116,320	317,458
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows	88,701	84,133	172,834
<b>FUND BALANCE (DEFICIT)</b>			
Restricted	1,148,739	305,587	1,454,326
Unassigned (Deficit)	(158,583)	(31,365)	(189,948)
Total Fund Balance	990,156	274,222	1,264,378
Total Liabilities, Deferred Inflows and Fund Balance	\$ 1,279,995	\$ 474,675	\$ 1,754,670

**City of Whitewater  
Whitewater, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended December 31, 2017**

	<b>Non-Major Special Revenue Funds</b>	<b>Non-Major Capital Project Funds</b>	<b>Non-Major Governmental Funds</b>
<b>REVENUES</b>			
Property Taxes	\$ -	\$ 64,103	\$ 64,103
Intergovernmental	393,455	2,542	395,997
License and Permits	-	-	-
Fines, Forfeits and Penalties	10,364	-	10,364
Public Charges for Services	969,882	-	969,882
Intergovernmental Charges for Services	-	-	-
Interest Income	7,086	3,391	10,477
Miscellaneous Income	251,139	14	251,153
Total Revenues	<u>1,631,926</u>	<u>70,050</u>	<u>1,701,976</u>
<b>EXPENDITURES</b>			
Current:			
General Government	70,870	-	70,870
Public Safety	63,842	-	63,842
Public Works	119,546	-	119,546
Culture, Recreation and Education	1,955,260	-	1,955,260
Conservation and Development	-	750	750
Capital Outlay	7,068	419,672	426,740
Total Expenditures	<u>2,216,586</u>	<u>420,422</u>	<u>2,637,008</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(584,660)</u>	<u>(350,372)</u>	<u>(935,032)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Other Uses	(29,552)	-	(29,552)
Transfers In	639,070	130,000	769,070
Transfers Out	(56,201)	(174,839)	(231,040)
Total Other Financing Sources and Uses	<u>553,317</u>	<u>(44,839)</u>	<u>508,478</u>
Net Change in Fund Balances	(31,343)	(395,211)	(426,554)
Fund Balances - Beginning	1,021,499	669,433	1,690,932
Fund Balances - Ending	<u>\$ 990,156</u>	<u>\$ 274,222</u>	<u>\$ 1,264,378</u>

**City of Whitewater  
Whitewater, WI**

**Non-Major Special Revenue Funds  
Combining Balance Sheet  
December 31, 2017**

	<u>Cable TV Fund</u>	<u>Library Special Revenue Fund</u>	<u>Taxicab Grant Program Fund</u>	<u>Parkland Acquisition Fund</u>	<u>Parkland Development Fund</u>	<u>Forestry Fund</u>	<u>Rescue Squad Equipment/ Educ. Fund</u>
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 66,465	\$ 690,181	\$ 74,768	\$ 46,628	\$ 56,879	\$ 11,254	\$ 165,860
Due from Other Governments	-	-	11,855	-	-	-	-
Total Assets	<u>\$ 66,465</u>	<u>\$ 690,181</u>	<u>\$ 86,623</u>	<u>\$ 46,628</u>	<u>\$ 56,879</u>	<u>\$ 11,254</u>	<u>\$ 165,860</u>
<b>LIABILITIES</b>							
Liabilities:							
Accounts Payable	\$ 282	\$ 15,753	\$ 11,230	\$ -	\$ -	\$ -	\$ 264
Accrued Liabilities	1,406	13,691	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	125
Total Liabilities	<u>1,688</u>	<u>29,444</u>	<u>11,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows	<u>-</u>	<u>-</u>	<u>11,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>							
Restricted	<u>64,777</u>	<u>660,737</u>	<u>63,538</u>	<u>46,628</u>	<u>56,879</u>	<u>11,254</u>	<u>165,471</u>
Total Fund Balance	<u>64,777</u>	<u>660,737</u>	<u>63,538</u>	<u>46,628</u>	<u>56,879</u>	<u>11,254</u>	<u>165,471</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 66,465</u>	<u>\$ 690,181</u>	<u>\$ 86,623</u>	<u>\$ 46,628</u>	<u>\$ 56,879</u>	<u>\$ 11,254</u>	<u>\$ 165,860</u>

**City of Whitewater  
Whitewater, WI**

**Non-Major Special Revenue Funds  
Combining Balance Sheet  
December 31, 2017**

	<b>Parking Permit Fund</b>	<b>Police Dept. Trust Fund</b>	<b>Parks and Recreation Fund</b>	<b>Field of Dreams Fund</b>	<b>Aquatic Center Fund</b>	<b>Non-Major Special Revenue Funds</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 53,553	\$ 55,538	\$ 11,761	\$ 33,492	-	\$ 1,266,379
Receivables:						
Other	-	-	-	1,761	-	1,761
Due from Other Governments	-	-	-	-	-	11,855
Total Assets	<u>\$ 53,553</u>	<u>\$ 55,538</u>	<u>\$ 11,761</u>	<u>\$ 35,253</u>	<u>\$ -</u>	<u>\$ 1,279,995</u>
<b>LIABILITIES</b>						
Liabilities:						
Accounts Payable	\$ 53,500	\$ -	\$ 9,432	\$ -	\$ 20,027	\$ 110,488
Accrued Liabilities	-	-	545	-	9,362	25,004
Due to Other Funds	-	327	-	-	65,194	65,646
Total Liabilities	<u>53,500</u>	<u>327</u>	<u>9,977</u>	<u>-</u>	<u>94,583</u>	<u>201,138</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows	-	-	-	12,846	64,000	88,701
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	53	55,211	1,784	22,407	-	1,148,739
Unassigned (Deficit)	-	-	-	-	(158,583)	(158,583)
Total Fund Balance (Deficit)	<u>53</u>	<u>55,211</u>	<u>1,784</u>	<u>22,407</u>	<u>(158,583)</u>	<u>990,156</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 53,553</u>	<u>\$ 55,538</u>	<u>\$ 11,761</u>	<u>\$ 35,253</u>	<u>\$ -</u>	<u>\$ 1,279,995</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, 2017**

	<u>Cable TV Fund</u>	<u>Library Special Revenue Fund</u>	<u>Taxicab Grant Program Fund</u>	<u>Parkland Acquisition Fund</u>	<u>Parkland Development Fund</u>	<u>Forestry Fund</u>	<u>Rescue Squad Equipment/ Educ. Fund</u>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ 249,252	\$ 144,203	\$ -	\$ -	\$ -	\$ -
Fines, Forfeits and Penalties	-	10,364	-	-	-	-	-
Public Charges for Services	113,595	5,998	-	-	46,542	-	-
Interest Income	237	1,568	-	-	-	7	1,503
Miscellaneous Income	61	27,334	-	19,758	-	482	-
Total Revenues	<u>113,893</u>	<u>294,516</u>	<u>144,203</u>	<u>19,758</u>	<u>46,542</u>	<u>489</u>	<u>1,503</u>
<b>EXPENDITURES</b>							
Current:							
Public Safety	-	-	-	-	-	-	6,131
Public Works	-	-	119,546	-	-	-	-
Culture, Recreation and Education	99,691	792,450	-	-	-	-	5,001
Conservation and Development	-	-	-	-	-	-	-
Capital Outlay	-	7,068	-	-	-	-	-
Total Expenditures	<u>99,691</u>	<u>799,518</u>	<u>119,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,132</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,202</u>	<u>(505,002)</u>	<u>24,657</u>	<u>19,758</u>	<u>46,542</u>	<u>489</u>	<u>(9,629)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	502,576	8,494	-	-	-	-
Transfers Out	(14,201)	-	-	-	-	-	-
Total Other Financing Sources and Uses	<u>(14,201)</u>	<u>502,576</u>	<u>8,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1	(2,426)	33,151	19,758	46,542	489	(9,629)
Fund Balances - Beginning	64,776	663,163	30,387	26,870	10,337	10,765	175,100
Fund Balances - Ending	<u>\$ 64,777</u>	<u>\$ 660,737</u>	<u>\$ 63,538</u>	<u>\$ 46,628</u>	<u>\$ 56,879</u>	<u>\$ 11,254</u>	<u>\$ 165,471</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, 2017**

	<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>Parks and Recreation Fund</u>	<u>Field of Dreams Fund</u>	<u>Acquatic Center Fund</u>	<u>Non-Major Special Revenue Funds</u>
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,455
License and Permits	-	-	-	-	-	-	-	-
Fines, Forfeits and Penalties	-	-	-	-	-	-	-	10,364
Public Charges for Services	34,926	-	-	-	182,267	62,183	524,371	969,882
Interest Income	279	183	28	-	-	-	3,281	7,086
Miscellaneous Income	-	-	15,551	-	7,861	-	180,092	251,139
Total Revenues	<u>35,205</u>	<u>183</u>	<u>15,579</u>	<u>-</u>	<u>190,128</u>	<u>62,183</u>	<u>707,744</u>	<u>1,631,926</u>
<b>EXPENDITURES</b>								
Current:								
General Government	-	54,589	16,281	-	-	-	-	70,870
Public Safety	57,711	-	-	-	-	-	-	63,842
Public Works	-	-	-	-	-	-	-	119,546
Culture, Recreation and Education	-	-	-	-	188,734	60,394	808,990	1,955,260
Conservation and Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	7,068
Total Expenditures	<u>57,711</u>	<u>54,589</u>	<u>16,281</u>	<u>-</u>	<u>188,734</u>	<u>60,394</u>	<u>808,990</u>	<u>2,216,586</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(22,506)</u>	<u>(54,406)</u>	<u>(702)</u>	<u>-</u>	<u>1,394</u>	<u>1,789</u>	<u>(101,246)</u>	<u>(584,660)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Other Uses	-	-	-	(29,552)	-	-	-	(29,552)
Transfers In	-	-	-	-	-	-	128,000	639,070
Transfers Out	(42,000)	-	-	-	-	-	-	(56,201)
Total Other Financing Sources and Uses	<u>(42,000)</u>	<u>-</u>	<u>-</u>	<u>(29,552)</u>	<u>-</u>	<u>-</u>	<u>128,000</u>	<u>553,317</u>
Net Change in Fund Balances	(64,506)	(54,406)	(702)	(29,552)	1,394	1,789	26,754	(31,343)
Fund Balances - Beginning	64,559	54,406	55,913	29,552	390	20,618	(185,337)	1,021,499
Fund Balances (Deficit) - Ending	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 55,211</u>	<u>\$ -</u>	<u>\$ 1,784</u>	<u>\$ 22,407</u>	<u>\$ (158,583)</u>	<u>\$ 990,156</u>

**City of Whitewater  
Whitewater, WI**

**Non-Major Capital Project Funds  
Combining Balance Sheet  
December 31, 2017**

	<b>Other Capital Projects Funds</b>	<b>TID #5</b>	<b>TID #6</b>	<b>TID #7</b>	<b>TID #8</b>	<b>TID #9</b>	<b>Non-Major Capital Project Funds</b>
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 323,288	\$ 3,187	\$ 41,261	\$ 232	\$ 19,247	\$ 2,523	\$ 389,738
Receivables:							
Taxes	-	11,911	70,917	-	743	562	84,133
Due from Other Funds	660	-	-	-	144	-	804
Total Assets	<u>\$ 323,948</u>	<u>\$ 15,098</u>	<u>\$ 112,178</u>	<u>\$ 232</u>	<u>\$ 20,134</u>	<u>\$ 3,085</u>	<u>\$ 474,675</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ 81,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,536
Due to Other Funds	-	16,440	-	144	-	-	16,584
Advances Payable	-	17,000	-	1,200	-	-	18,200
Total Liabilities	<u>81,536</u>	<u>33,440</u>	<u>-</u>	<u>1,344</u>	<u>-</u>	<u>-</u>	<u>116,320</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
2017 Tax Apportionment	-	11,911	70,917	-	743	562	84,133
<b>FUND BALANCE (DEFICIT)</b>							
Restricted	242,412	-	41,261	-	19,391	2,523	305,587
Unassigned (Deficit)	-	(30,253)	-	(1,112)	-	-	(31,365)
Total Fund Balance (Deficit)	<u>242,412</u>	<u>(30,253)</u>	<u>41,261</u>	<u>(1,112)</u>	<u>19,391</u>	<u>2,523</u>	<u>274,222</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 323,948</u>	<u>\$ 15,098</u>	<u>\$ 112,178</u>	<u>\$ 232</u>	<u>\$ 20,134</u>	<u>\$ 3,085</u>	<u>\$ 474,675</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, 2017**

	<b>Other Capital Projects Funds</b>	<b>TID #5</b>	<b>TID #6</b>	<b>TID #7</b>	<b>TID #8</b>	<b>TID #9</b>	<b>Non-Major Capital Projects Funds</b>
<b>REVENUES</b>							
Property Taxes	\$ -	\$ 2,806	\$ 59,975	\$ -	\$ 793	\$ 529	\$ 64,103
Intergovernmental	1,595	-	947	-	-	-	2,542
Interest Income	3,266	-	31	-	94	-	3,391
Miscellaneous Income	14	-	-	-	-	-	14
Total Revenues	<u>4,875</u>	<u>2,806</u>	<u>60,953</u>	<u>-</u>	<u>887</u>	<u>529</u>	<u>70,050</u>
<b>EXPENDITURES</b>							
Current:							
Conservation and Development	-	150	150	150	150	150	750
Capital Outlay	419,672	-	-	-	-	-	419,672
Total Expenditures	<u>419,672</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>420,422</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(414,797)</u>	<u>2,656</u>	<u>60,803</u>	<u>(150)</u>	<u>737</u>	<u>379</u>	<u>(350,372)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	130,000	-	-	-	-	-	130,000
Transfers Out	(125,000)	-	(49,839)	-	-	-	(174,839)
Total Other Financing Sources and Uses	<u>5,000</u>	<u>-</u>	<u>(49,839)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,839)</u>
Net Change in Fund Balances	(409,797)	2,656	10,964	(150)	737	379	(395,211)
Fund Balances (Deficit) - Beginning	652,209	(32,909)	30,297	(962)	18,654	2,144	669,433
Fund Balances (Deficit) - Ending	<u>\$ 242,412</u>	<u>\$ (30,253)</u>	<u>\$ 41,261</u>	<u>\$ (1,112)</u>	<u>\$ 19,391</u>	<u>\$ 2,523</u>	<u>\$ 274,222</u>

**City of Whitewater  
Whitewater, WI  
Combining Statement of Net Position - Component Unit  
December 31, 2017**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 172,712	\$ 825,515	\$ 52,623	\$ 1,050,850
Receivables				
Other	-	-	190	190
Total Current Assets	<u>172,712</u>	<u>825,515</u>	<u>52,813</u>	<u>1,051,040</u>
Noncurrent Assets:				
Restricted Assets				
Other Assets				
Loans Receivable	-	2,120,123	-	2,120,123
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	610	5,235,675	-	5,236,285
Total Capital Assets	<u>610</u>	<u>5,510,847</u>	<u>-</u>	<u>5,511,457</u>
Total Noncurrent Assets	<u>610</u>	<u>8,380,970</u>	<u>-</u>	<u>8,381,580</u>
Total Assets	<u>173,322</u>	<u>9,206,485</u>	<u>52,813</u>	<u>9,432,620</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	16,674	-	-	16,674
Total Deferred Outflows of Resources	<u>16,674</u>	<u>-</u>	<u>-</u>	<u>16,674</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 189,996</u>	<u>\$ 9,206,485</u>	<u>\$ 52,813</u>	<u>\$ 9,449,294</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 6,714	\$ 1,778	\$ 9,976	\$ 18,468
Total Current Liabilities	<u>6,714</u>	<u>1,778</u>	<u>9,976</u>	<u>18,468</u>
Non-Current Liabilities:				
Net Pension Liability	2,148	-	-	2,148
Total Non-Current Liabilities	<u>2,148</u>	<u>-</u>	<u>-</u>	<u>2,148</u>
Total Liabilities	<u>8,862</u>	<u>1,778</u>	<u>9,976</u>	<u>20,616</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Inflows	6,755	-	-	6,755
Total Deferred Outflows of Resources	<u>6,755</u>	<u>-</u>	<u>-</u>	<u>6,755</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	610	5,510,847	-	5,511,457
Restricted	-	3,693,860	-	3,693,860
Unrestricted	173,769	-	42,837	216,606
Total Net Position	<u>174,379</u>	<u>9,204,707</u>	<u>42,837</u>	<u>9,421,923</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 189,996</u>	<u>\$ 9,206,485</u>	<u>\$ 52,813</u>	<u>\$ 9,449,294</u>

**City of Whitewater  
Whitewater, WI**

**Combining Statement of Revenues, Expenses and Changes in  
Net Position - Component Unit  
For the Year Ended December 31, 2016**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Operating Revenues	\$ -	\$ -	\$ 145,856	\$ 145,856
Operating Expenses				
Operating Expenses	148,625	311,846	219,731	680,202
Depreciation	112	121,760	-	121,872
Total Operating Expenses	<u>148,737</u>	<u>433,606</u>	<u>219,731</u>	<u>802,074</u>
Operating Income (Loss)	<u>(148,737)</u>	<u>(433,606)</u>	<u>(73,875)</u>	<u>(656,218)</u>
Non-Operating Revenues (Expenses)				
Investment Income	137	22,567	-	22,704
Miscellaneous	-	3,721	82,536	86,257
Total Non Operating Revenues	<u>137</u>	<u>101,288</u>	<u>82,536</u>	<u>183,961</u>
Transfer In from City	<u>190,000</u>	<u>-</u>	<u>-</u>	<u>190,000</u>
Change in Net Position	41,400	(332,318)	8,661	(282,257)
Total Net Position - Beginning	<u>132,979</u>	<u>9,537,025</u>	<u>34,176</u>	<u>9,704,180</u>
Total Net Position - Ending	<u>\$ 174,379</u>	<u>\$ 9,204,707</u>	<u>\$ 42,837</u>	<u>\$ 9,421,923</u>

**City of Whitewater  
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit  
For the Year Ended December 31, 2017**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
<b>Cash Flows From Operating Activities</b>				
Received from customers	\$ -	\$ -	\$ 145,856	\$ 145,856
Loans repaid	-	428,758	-	428,758
Intergovernmental charges	-	75,000	-	75,000
Paid to suppliers for goods and services	(106,082)	(306,346)	(131,824)	(544,252)
Payments to employees for services	(50,996)	-	-	(50,996)
Net cash flows from operating activities	<u>(157,078)</u>	<u>197,412</u>	<u>14,032</u>	<u>54,366</u>
<b>Cash Flows From Investing Activities</b>				
Investment income	137	22,283	-	22,420
Net cash flows from investing activities	<u>137</u>	<u>22,283</u>	<u>-</u>	<u>22,420</u>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Transfers in from City	190,000	-	-	190,000
Net cash flow from noncapital financing activities	<u>190,000</u>	<u>-</u>	<u>-</u>	<u>190,000</u>
Net increase (decrease) in cash and cash equivalents	33,059	219,695	14,032	266,786
Cash And Cash Equivalents - Beginning Of Year	<u>139,653</u>	<u>580,537</u>	<u>38,591</u>	<u>758,781</u>
Cash And Cash Equivalents - End Of Year	<u>\$ 172,712</u>	<u>\$ 800,232</u>	<u>\$ 52,623</u>	<u>\$1,025,567</u>

**City of Whitewater  
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit  
For the Year Ended December 31, 2017**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
<b>Reconciliation Of Operating Income (Loss) To Net</b>				
<b>Cash Flows From Operating Activities</b>				
Operating income (loss)	\$ (148,737)	\$ (433,606)	\$ (73,875)	\$ (656,218)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Miscellaneous	-	78,721	82,536	161,257
Noncash items included in income (loss)				
Depreciation	112	121,760	-	121,872
Pension expense	(3,216)	-	-	(3,216)
Change in Assets and Liabilities				
Other receivables	-	-	(190)	(190)
Loans receivable	-	428,758	-	428,758
Accounts payable and accrued expenses	(5,237)	1,779	5,661	2,203
Unearned Revenue	-	-	(100)	(100)
	<u>\$ (157,078)</u>	<u>\$ 197,412</u>	<u>\$ 14,032</u>	<u>\$ 54,366</u>
<b>Reconciliation Of Cash And Cash Equivalents To The Statement Of Net Position</b>				
Cash and investments - statement of net position - component unit	\$ 172,712	\$ 825,515	\$ 52,623	\$ 1,050,850
less: Non-cash equivalents	-	(25,283)	-	(25,283)
	<u>\$ 172,712</u>	<u>\$ 800,232</u>	<u>\$ 52,623</u>	<u>\$ 1,025,567</u>

**City of Whitewater**

**Schedule of Long-Term Debt Principal Payments - Governmental Activities  
December 31, 2017**

Year	Totals	2010 Taxable	2010	2010 Taxable	2012	2014	2016	2017
		General Obligation Community Development Bonds	General Obligation Refunding Bonds	General Obligation Community Development Bonds	General Obligation Refunding Bonds	General Taxable Obligation Bonds	General Taxable Obligation Notes	General Taxable Obligation Notes
2018	\$ 3,002,587	\$ 180,000	\$ 935,000	\$ 90,000	\$ 340,000	\$ 145,000	\$ 1,257,957	\$ 54,630
2019	1,425,981	185,000	690,000	95,000	260,000	140,000	-	55,981
2020	1,457,366	190,000	710,000	95,000	265,000	140,000	-	57,366
2021	888,784	195,000	-	220,000	270,000	145,000	-	58,784
2022	915,238	205,000	-	225,000	275,000	150,000	-	60,238
2023	875,000	210,000	-	235,000	280,000	150,000	-	-
2024	905,000	220,000	-	240,000	290,000	155,000	-	-
2025	1,060,000	230,000	-	250,000	295,000	285,000	-	-
2026	1,065,000	235,000	-	145,000	300,000	385,000	-	-
2027	1,100,000	245,000	-	150,000	305,000	400,000	-	-
2028	730,000	255,000	-	-	315,000	160,000	-	-
2029	750,000	265,000	-	-	325,000	160,000	-	-
2030	335,000	-	-	-	335,000	-	-	-
2031	345,000	-	-	-	345,000	-	-	-
<b>Totals</b>	<b>\$ 14,854,957</b>	<b>\$ 2,615,000</b>	<b>\$ 2,335,000</b>	<b>\$ 1,745,000</b>	<b>\$ 4,200,000</b>	<b>\$ 2,415,000</b>	<b>\$ 1,257,957</b>	<b>\$ 287,000</b>

**City of Whitewater**

**Schedule of Long-Term Debt Interest Payments - Governmental Activities  
December 31, 2017**

Year	Totals	2010 Taxable	2010	2010 Taxable	2012	2014	2016	2017
		General Obligation Community Development Bonds	General Obligation Refunding Bonds	General Obligation Community Development Bonds	General Obligation Refunding Bonds	General Obligation Refunding Bonds	Taxable General Obligation Bonds	Taxable General Obligation Notes
2018	\$ 461,433	\$ 140,280	\$ 65,988	\$ 74,175	\$ 104,850	\$ 55,580	\$ 13,463	\$ 7,097
2019	401,791	132,630	40,275	71,250	98,050	53,840	-	5,746
2020	362,063	124,028	21,300	67,783	92,850	51,740	-	4,362
2021	318,790	114,812	-	64,125	87,550	49,360	-	2,943
2022	290,067	105,062	-	55,435	81,475	46,605	-	1,490
2023	259,936	94,608	-	46,435	75,288	43,605	-	-
2024	229,440	83,582	-	36,565	68,988	40,305	-	-
2025	177,108	71,702	-	26,125	42,463	36,818	-	-
2026	159,344	58,938	-	14,750	55,678	29,978	-	-
2027	121,520	45,542	-	7,500	48,478	20,000	-	-
2028	81,545	31,332	-	-	40,853	9,360	-	-
2029	53,495	16,032	-	-	32,663	4,800	-	-
2030	22,100	-	-	-	22,100	-	-	-
2031	11,213	-	-	-	11,213	-	-	-
<b>Totals</b>	<b>\$ 2,949,845</b>	<b>\$ 1,018,548</b>	<b>\$ 127,563</b>	<b>\$ 464,143</b>	<b>\$ 862,499</b>	<b>\$ 441,991</b>	<b>\$ 13,463</b>	<b>\$ 21,638</b>