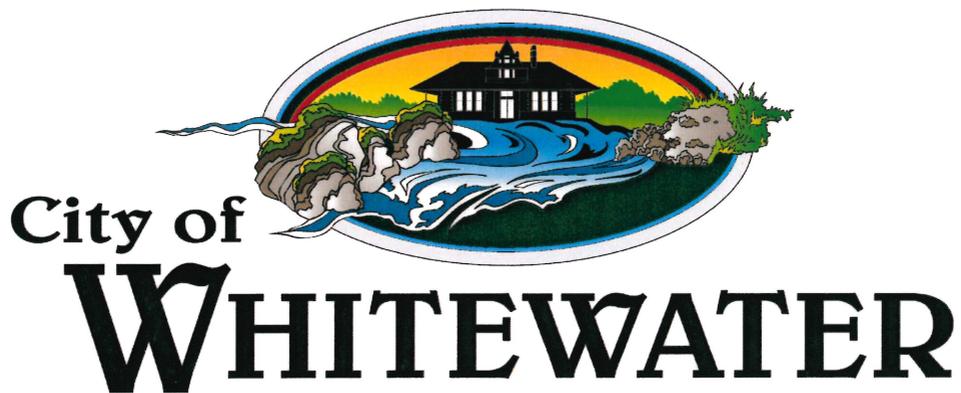




JOHNSON BLOCK
CPAs



AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

City of Whitewater

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December 31, 2018

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City of Whitewater

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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, 2018, 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, 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2018, the City of Whitewater adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are not modified with respect to this matter.

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, the Wisconsin Retirement System schedules, and the Local Retiree Life Insurance Fund 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
June 25, 2019

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017**



CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2018 and 2017

The management of the City of Whitewater ("City") 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, 2018. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained here will focus primarily on the governmental operations of the city.

FINANCIAL HIGHLIGHTS

The City's total net position increased \$1,854,686, or 3.09% from the prior year. The net position for governmental activities increased \$1,003,648, while net position of the business-type activities increased by \$851,038. The Community Development Authority ("CDA") a component unit of the city, net position decreased by \$864,210.

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2018, by \$61,951,103 (net position). Of this amount, \$5,411,049 (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 \$2,094,738 and \$3,316,311 for governmental and business-type activities, respectively.

As of December 31, 2018, the City's governmental funds reported combined ending fund balances of \$3,787,681, an increase of \$563,449 in comparison with the prior year. Approximately 34.0% of this total, or \$1,289,270 (unassigned fund balance), is available for spending at the government's discretion.

The City's Water Utility had an operating income in 2018 of \$364,836. Unrestricted net position increased by \$7,354. The Water Utility's total net position decreased by \$9,909 to \$11,188,467. The approved Rate of Return is 6%. For 2018, the Rate of Return equaled 3.31%. 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. A Simplified Rate Case was filed for 2018 and the new rates became effective on June 28, 2018.

The Wastewater Utility had an operating income of \$631,185 in 2018. The Utility's total net position increased by \$179,925. 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 or 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2018 and 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- 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 (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 CDA 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 – 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, 2018 and 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

The largest portion of the City's (governmental and business-type activities) net position (approximately 83.5%) 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, 2018 and 2017**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

CITY OF WHITEWATER'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 12,755,104	\$ 10,448,064	\$ 9,197,891	\$ 7,992,096	\$ 21,952,995	\$ 18,440,160
Capital Assets	<u>40,161,668</u>	<u>39,758,129</u>	<u>54,717,004</u>	<u>51,140,045</u>	<u>94,878,672</u>	<u>90,898,174</u>
Total Assets	\$ <u>52,916,772</u>	\$ <u>50,206,193</u>	\$ <u>63,914,895</u>	\$ <u>59,132,141</u>	\$ <u>116,831,667</u>	\$ <u>109,338,334</u>
Deferred Outflows of Resources	<u>\$ 1,860,012</u>	<u>\$ 2,128,102</u>	<u>\$ 377,313</u>	<u>\$ 422,769</u>	<u>\$ 2,237,325</u>	<u>\$ 2,550,871</u>
Non-Current Liabilities	\$ 14,646,272	\$ 13,456,313	\$ 29,160,776	\$ 24,096,535	\$ 43,807,048	\$ 37,552,848
Other Liabilities	<u>2,883,102</u>	<u>3,999,231</u>	<u>2,233,034</u>	<u>3,643,670</u>	<u>5,116,136</u>	<u>7,642,901</u>
Total Liabilities	\$ <u>17,529,374</u>	\$ <u>17,455,544</u>	\$ <u>31,393,810</u>	\$ <u>27,740,205</u>	\$ <u>48,923,184</u>	\$ <u>45,195,749</u>
Deferred Inflows of Resources	<u>\$ 7,791,782</u>	<u>\$ 6,426,771</u>	<u>\$ 402,923</u>	<u>\$ 171,268</u>	<u>\$ 8,194,705</u>	<u>\$ 6,598,039</u>
Net Position:						
Net Investment in Capital Assets	\$ 26,109,389	\$ 24,903,172	\$ 25,645,925	\$ 25,819,938	\$ 51,755,314	\$ 50,723,110
Restricted	1,251,501	1,629,858	3,533,239	3,673,145	4,784,740	5,303,003
Unrestricted	<u>2,094,738</u>	<u>1,918,950</u>	<u>3,316,311</u>	<u>2,151,354</u>	<u>5,411,049</u>	<u>4,070,304</u>
TOTAL NET POSITION	\$ <u>29,455,628</u>	\$ <u>28,451,980</u>	\$ <u>32,495,475</u>	\$ <u>31,644,437</u>	\$ <u>61,951,103</u>	\$ <u>60,096,417</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION	\$ <u>54,776,784</u>	\$ <u>52,334,295</u>	\$ <u>64,292,208</u>	\$ <u>59,555,910</u>	\$ <u>119,068,992</u>	\$ <u>111,890,205</u>

NET POSITION: The City's combined net position increased 3.09% between fiscal years 2017 and 2018 to \$61,951,103. 52.45% of the 2018 net position are business-type activities of the City's Water, Wastewater, and Stormwater Utilities. The governmental activities had an increase in net position of \$1,003,648 for the year, while the business-type activities experienced an increase of \$851,038.

ASSETS: Governmental Activities: Taxes Receivable increased by \$335,026. Special Assessment Receivable, Accounts Receivables, and Other Receivables decreased by \$32,995. Due from Other Governmental Units increased by \$173,481. Net Capital Assets increased by \$403,539 to a total of \$40,161,668. Deferred outflows of resources decreased by \$268,090 between years due to the reporting for employee pensions and other postemployment benefits.

LIABILITIES: Governmental Activities: Non-Current Liabilities increased by \$1,189,959. Deferred inflows of resources increased by \$1,365,011. 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 12/31/18 was \$5,113,915.

CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018 and 2017**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

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

	Governmental Activities		Business-type Activities		Combined-Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,712,584	\$ 1,758,679	\$ 5,645,848	\$ 5,570,674	\$ 7,358,432	\$ 7,329,353
Operating grants and contributions	1,613,022	1,494,893	610,597	76,347	2,223,619	1,571,240
Capital grants and contributions	51,816	97,317	35,564	158,495	87,380	255,812
General Revenues:						
Property Taxes	5,387,761	5,196,766	-	-	5,387,761	5,196,766
Other Taxes	141,857	99,560	-	-	141,857	99,560
Intergovernmental	3,633,671	3,649,113	-	-	3,633,671	3,649,113
Investment Income	176,648	71,025	89,234	10,755	265,882	81,780
Miscellaneous	283,021	176,727	19,173	-	302,194	176,727
Total Revenues	\$ 13,000,380	\$ 12,544,080	\$ 6,400,416	\$ 5,816,271	\$ 19,400,796	\$ 18,360,351
Expenses:						
General government	\$ 1,810,463	\$ 1,818,823	-	-	\$ 1,810,463	\$ 1,818,823
Public Safety	4,435,193	4,493,650	-	-	4,435,193	4,493,650
Public Works	2,749,527	2,499,596	-	-	2,749,527	2,499,596
Leisure activities	2,727,932	2,716,528	-	-	2,727,932	2,716,528
Conservation and Development	7,182	7,057	-	-	7,182	7,057
Interest and fiscal charges	526,631	495,458	683,785	468,501	1,210,416	963,959
Capital Outlay	-	-	-	-	-	-
Water Utility	-	-	1,485,584	1,402,992	1,485,584	1,402,992
Sewer Utility	-	-	2,638,308	2,648,002	2,638,308	2,648,002
Stormwater Utility	-	-	394,213	458,431	394,213	458,431
Total Expenses	\$ 12,256,928	\$ 12,031,112	\$ 5,201,890	\$ 4,977,926	\$ 17,458,818	\$ 17,009,038
Increases in net position before transfers	\$ 743,452	\$ 512,968	\$ 1,198,526	\$ 838,345	\$ 1,941,978	\$ 1,351,313
Transfers	260,196	145,840	(347,488)	(335,840)	(87,292)	(190,000)
Increase in net position	<u>\$ 1,003,648</u>	<u>\$ 658,808</u>	<u>\$ 851,038</u>	<u>\$ 502,505</u>	<u>\$ 1,854,686</u>	<u>\$ 1,161,313</u>
NET Position-January 1	<u>\$ 28,451,980</u>	<u>\$ 28,027,362</u>	<u>\$ 31,644,437</u>	<u>\$ 31,141,932</u>	<u>\$ 60,096,417</u>	<u>\$ 59,169,294</u>
Change in Net Position due to Restatement for Implementation of GASB Statement No. 75	-	(234,190)	-	-	-	(234,190)
Net Position-December 31	\$ 29,455,628	\$ 28,451,980	\$ 32,495,475	\$ 31,644,437	\$ 61,951,103	\$ 60,096,417

CITY OF WHITEWATER

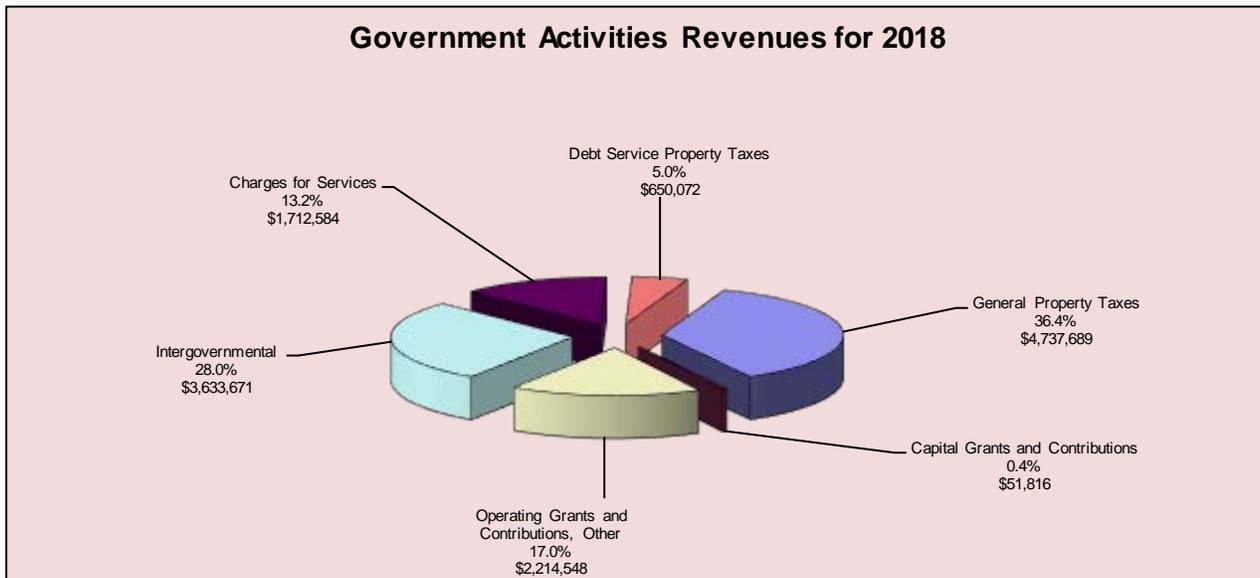
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018 and 2017

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental Activities

Change in Net Position: The City's 2018 revenues for both governmental and business-type activities total \$19,400,796 and expenses total \$17,458,818. These totals plus transfers resulted in an increase in net position of \$1,854,686. Net position increased by \$1,003,648 for **governmental activities**. One cause of the increase was due to general revenues increasing by \$29,767. This is due to an increase in property tax revenue. Program revenues increased by \$26,533, while total expenses increased by \$225,816.

Revenues for the City's governmental activities total \$13,000,380 with intergovernmental revenues (largely state shared-revenues) accounting for 28.0% (\$3,633,671) 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 5.0% (\$650,072) of total revenues, were collected to pay for the principal and interest due in 2018. General property taxes accounted for 36.4% (\$4,737,689) of governmental revenues in 2018. Charges for services contributed 13.2% (\$1,712,584); operating/capital grants, other taxes, interest income, contributed 16.3% (\$2,124,507) of the total revenues. Capital grants were \$51,816 of revenues.



Total Revenues = \$13,000,380

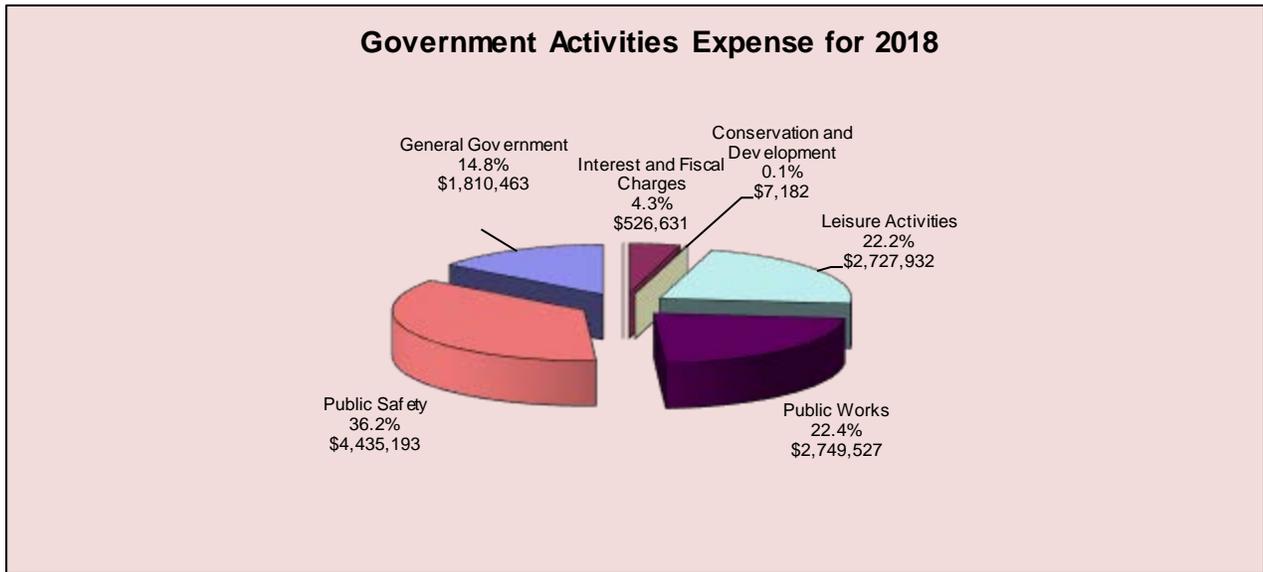
CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018 and 2017

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental Activities (Continued)

Governmental activities expenditures total \$12,256,928. Public Safety activities amount for 36.2% (\$4,435,193), 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 22.4% (\$2,749,527), 14.8% (\$1,810,463), and 22.2% (\$2,727,932), respectively, of total expenditures for 2018. Conservation/Development—0.1% (\$7,182); Interest/Fiscal Charges—4.3% (\$526,631).



Total Expenses = \$12,256,928

CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018 and 2017**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental Activities (Continued)

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 2018 was \$12,256,928. However, the amount paid through the City's property tax was only \$5,387,761. The breakout of property taxes is \$2,823,728 (General Properties); \$650,072 (Debt Service); \$1,913,961 (TIF Districts). Some of the costs were paid by:

- Those directly benefiting from the programs - Charges for Service/Fees/Permits - (\$1,712,584)
- State of Wisconsin Shared Revenue-Aidable - (\$2,836,916)
- Utility Shared Revenues-State of Wisconsin - (\$430,475)
- State Aids-Roads/Highways - (\$723,038)
- Fines and Forfeitures - (\$406,835)

	<u>Cost of Services</u>	<u>Charges for Services, Operating & Capital Grants, Contributions</u>	<u>Net Cost of Services</u>
General Government	\$ 1,810,463	\$ 259,003	\$ 1,551,460
Public Safety	4,435,193	713,511	3,721,682
Public Works	2,749,527	890,163	1,859,364
Culture and Recreation	2,727,932	1,266,994	1,460,938
Conservation and Development	7,182	247,751	(240,569)
Interest and Fiscal Charges	526,631	-	526,631
Total	<u>\$ 12,256,928</u>	<u>\$ 3,377,422</u>	<u>\$ 8,879,506</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

General Fund – Is the primary operating fund of the City. The General Fund's fund balance increased \$407,593 to \$2,795,867, which represents 31.10% of the expenditures for calendar/budget year 2019 expenses. Of that amount, \$1,599,540, or 57.2%, is unassigned.

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 #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.

Other Capital Projects Fund – Accounts for the acquisition and construction of major capital facilities and projects.

CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018 and 2017**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)

WATER, WASTEWATER, AND STORMWATER UTILITY

The **Water Utility** earned a 3.31% return on its rate base in 2018 compared to 2.93% in 2017. The Water Utility's (GAAP Basis) operating revenues increased by \$110,956 to \$1,850,420 and the operating expenses increased by \$82,592 to \$1,485,584.

The **Wastewater Utility** operating revenue decreased by \$45,125 in 2018 to \$3,269,493. Operating expenses decreased by \$9,694 to \$2,638,308. Wastewater 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 \$9,343 to \$525,935. The operating income was \$144,354 in 2018. 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)	
	2018	2017	2018	2017	2018	2017
Water Utility	\$ 1,850,420	\$ 1,739,464	\$ 1,485,584	\$ 1,402,992	\$ 364,836	\$ 336,472
Wastewater Utility	3,269,493	3,314,618	2,638,308	2,648,002	631,185	666,616
Stormwater Utility	525,935	516,592	381,581	458,431	144,354	58,161

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Governmental Activities			
	2018	2017	Total Change
Land/Right of Way/Improvements	\$ 9,745,195	\$ 9,695,954	\$ 49,241
Construction in Progress	1,426,503	215,594	1,210,909
Traffic and street lights	725,106	582,134	142,972
Buildings and Improvements	7,617,348	7,870,715	(253,367)
Machinery & Equipment	2,555,362	2,760,924	(205,562)
Streets/Sidewalks/Curb & Gutter	18,092,154	18,632,808	(540,654)
Capital Assets, Net of Depreciation	\$ 40,161,668	\$ 39,758,129	\$ 403,539

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'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, 2018 and 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The City (Primary Government) had capital assets of \$40,161,668 in the governmental activities and \$54,717,004 in the business-like activities for a total of \$94,878,672 at the end of 2018. 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 42.33% and the business-type activities total 57.67%. The business-type activities represent the Water Utility with 21.88%, the Wastewater Utility having 67.45%, and the Stormwater Utility 10.67% of the capital assets.

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Water			
Land and Land Rights	\$ 6,727	6,727	\$ -
Source of Supply	705,364	705,364	-
Pumping	1,212,857	1,212,857	-
Water Treatment	1,458,742	1,458,742	-
Transmission and Distribution	14,804,776	14,789,934	14,842
General	497,420	487,570	9,850
Construction in Progress	725,285	20,829	704,456
Less: Accumulated Depreciation	<u>(7,438,020)</u>	<u>(7,021,967)</u>	<u>(416,053)</u>
Net Assets-Water Utility Plant	<u>11,973,151</u>	<u>11,660,056</u>	<u>313,095</u>
Wastewater			
Land and Land Rights	185,636	185,636	-
Collection System	13,701,885	13,708,329	(6,444)
Treatment and Disposal	26,725,189	26,049,914	675,275
General	697,241	1,100,825	(403,584)
Construction in Progress	20,280,593	20,895,968	(615,375)
Less: Accumulated Depreciation	<u>(24,682,265)</u>	<u>(27,360,259)</u>	<u>2,677,994</u>
Net Assets-Wastewater Utility Plant	<u>36,908,279</u>	<u>34,580,413</u>	<u>2,327,866</u>
Stormwater			
Capital Assets	5,216,120	5,213,121	2,999
Construction in Progress	1,177,249	174,851	1,002,398
Less: Accumulated Depreciation	<u>(557,795)</u>	<u>(487,397)</u>	<u>(70,398)</u>
Net Assets-Stormwater Utility Plant	<u>5,835,574</u>	<u>4,900,575</u>	<u>934,999</u>
Total Utility's Capital Assets	<u>\$ 54,717,004</u>	<u>\$ 51,141,044</u>	<u>\$ 3,575,960</u>

CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018 and 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

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, 2018, was \$33,319,555. Total general obligation debt outstanding at year end was \$20,032,367, which represents 60.1% of the allowable debt limit.

	Comparison of Outstanding Debt by Activity					
	Governmental Activities		Business-type Activities		TOTAL	
	2018	2017	2018	2017	2018	2017
General Obligation						
Bonds and Notes	\$ 14,387,370	\$ 14,854,957	\$ 5,644,998	\$ 3,202,043	\$ 20,032,368	\$ 18,057,000
Revenue Bond/Notes	-	-	24,815,058	22,610,195	24,815,058	22,610,195
Total Outstanding	\$ 14,387,370	\$ 14,854,957	\$ 30,460,056	\$ 25,812,238	\$ 44,847,426	\$ 40,667,195

The total outstanding **general obligation debt** of \$20,032,367 is distributed:

City-CIP	\$ 11,374,869
TID'S (#4 & #6)	3,012,500
Utility (Water/Sewer/Storm)	5,644,998

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.

	AMOUNTS DUE WITHIN ONE YEAR		
	Governmental Activities	Business-type Activities	Amounts Due Within One Year
General Obligation			
Bonds and Notes	\$ 1,425,981	\$ 215,000	\$ 1,640,981
Revenue Bonds	-	1,398,295	1,398,295
Totals	\$ 1,425,981	\$ 1,613,295	\$ 3,039,276

The City maintained the Moody's Investors Service rating of A1/Aa3, which was reconfirmed in 2011, 2012, and 2014 and 2018. 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, 2018 and 2017**

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgets are adopted at the function level of expenditures. General Fund revenues and transfers were greater than the final budget by \$365,517. Expenses, including transfers, were \$71,675 lower than the final budget of \$9303,194. General Government was over by \$25,063; Public Safety was under by \$106,103; Culture, Recreation and Education was under by \$53,733. Public Works was over by \$179,020. 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 \$365,517 to a balance of \$2,043,816.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's strategic location between Milwaukee and Madison and the success of the business park, developed by the City of Whitewater under the direction of the Community Development Authority, has contributed to both growth in tax base and population. The City's tax base, currently \$665 million, has shown steady growth over the past two decades. For 2018, the equalized value increased by \$19,616,100.

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.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**City of Whitewater
Whitewater, WI**

**Statement of Net Position
December 31, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>	<u>Component Unit</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 5,150,543	\$ 3,062,429	\$ 8,212,972	\$ 1,097,029
Receivables				
Taxes	5,731,539	-	5,731,539	-
Accounts	-	472,971	472,971	-
Other	165,939	6,039	171,978	31,620
Due from Other Governments	216,438	127,350	343,788	-
Internal Balances	8,489	(8,489)	-	-
Due From Agency Fund	35,829	-	35,829	-
Inventories	-	22,500	22,500	-
Prepaid Expenses	87,042	-	87,042	1,745
Total Current Assets	<u>11,395,819</u>	<u>3,682,800</u>	<u>15,078,619</u>	<u>1,130,394</u>
Noncurrent Assets:				
Restricted Assets				
Cash and Cash Equivalents	335,091	5,070,556	5,405,647	-
Net Pension Asset	985,976	204,166	1,190,142	12,396
Other Assets				
Special Assessment Receivable	7,919	-	7,919	-
Loans Receivable	-	-	-	1,291,948
Due From City	-	-	-	750,000
Property Held for Resale	30,299	240,369	270,668	-
Capital Assets				
Land, Improvements, and Construction in Progress	11,171,698	22,375,490	33,547,188	275,172
Other Capital Assets, net of depreciation	28,989,970	32,341,514	61,331,484	5,114,412
Net Capital Assets	<u>40,161,668</u>	<u>54,717,004</u>	<u>94,878,672</u>	<u>5,389,584</u>
Total Noncurrent Assets	<u>41,520,953</u>	<u>60,232,095</u>	<u>101,753,048</u>	<u>7,443,928</u>
Total Assets	<u>52,916,772</u>	<u>63,914,895</u>	<u>116,831,667</u>	<u>8,574,322</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	1,822,150	377,313	2,199,463	22,909
Deferred OPEB Outflows	37,862	-	37,862	-
Total Deferred Outflows of Resources	<u>1,860,012</u>	<u>377,313</u>	<u>2,237,325</u>	<u>22,909</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 54,776,784</u>	<u>\$ 64,292,208</u>	<u>\$ 119,068,992</u>	<u>\$ 8,597,231</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 1,151,591	\$ 449,764	\$ 1,601,355	\$ 15,054
Payable to Other Governments	103,676	-	103,676	-
Accrued Interest	130,305	146,999	277,304	-
Current Portion of Long-Term Liabilities	1,497,530	1,636,271	3,133,801	-
Total Current Liabilities	<u>2,883,102</u>	<u>2,233,034</u>	<u>5,116,136</u>	<u>15,054</u>
Noncurrent Liabilities:				
Due to Component Unit	750,000	-	750,000	-
Unamortized Debt Premium	147,022	198,936	345,958	-
Net OPEB Liability	298,045	-	298,045	-
Long-Term Liabilities				
Due in More Than One Year				
Bonds and Notes Payable	12,961,389	28,846,761	41,808,150	-
Compensated Absences	489,816	115,079	604,895	-
Total Noncurrent Liabilities	<u>14,646,272</u>	<u>29,160,776</u>	<u>43,807,048</u>	<u>-</u>
Total Liabilities	<u>17,529,374</u>	<u>31,393,810</u>	<u>48,923,184</u>	<u>15,054</u>
DEFERRED INFLOWS OF RESOURCES				
2018 Tax Apportionment	5,728,806	-	5,728,806	-
Deferred Pension Inflows	1,945,828	402,923	2,348,751	24,464
Deferred OPEB Inflows	4,199	-	4,199	-
Unearned Revenue	112,949	-	112,949	-
Total Deferred Inflows of Resources	<u>7,791,782</u>	<u>402,923</u>	<u>8,194,705</u>	<u>24,464</u>
NET POSITION				
Net Investment in Capital Assets	26,109,389	25,645,925	51,755,314	5,389,584
Restricted	1,251,501	3,533,239	4,784,740	3,074,803
Unrestricted	2,094,738	3,316,311	5,411,049	93,326
Total Net Position	<u>29,455,628</u>	<u>32,495,475</u>	<u>61,951,103</u>	<u>8,557,713</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 54,776,784</u>	<u>\$ 64,292,208</u>	<u>\$ 119,068,992</u>	<u>\$ 8,597,231</u>

See accompanying notes to the basic financial statements

City of Whitewater
Whitewater, WI

Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Primary Government	
Primary government								
Governmental Activities								
General Government	\$ 1,810,463	\$ 214,003	\$ 45,000	\$ -	\$ (1,551,460)		\$ (1,551,460)	
Public Safety	4,435,193	595,498	118,013	-	(3,721,682)		(3,721,682)	
Public Works	2,749,527	306	889,299	558	(1,859,364)		(1,859,364)	
Culture and Recreation	2,727,932	902,177	313,559	51,258	(1,460,938)		(1,460,938)	
Conservation and Development	7,182	600	247,151	-	240,569		240,569	
Interest on Long-term debt	526,631	-	-	-	(526,631)		(526,631)	
Total governmental activities	<u>12,256,928</u>	<u>1,712,584</u>	<u>1,613,022</u>	<u>51,816</u>	<u>(8,879,506)</u>		<u>(8,879,506)</u>	
Business-type activities								
Water	1,581,593	1,850,420	-	15,500	-	\$ 284,327	284,327	
Wastewater	3,176,690	3,269,493	-	20,064	-	112,867	112,867	
Storm Sewer	443,607	525,935	610,597	-	-	692,925	692,925	
Total business-type activities	<u>5,201,890</u>	<u>5,645,848</u>	<u>610,597</u>	<u>35,564</u>	<u>-</u>	<u>1,090,119</u>	<u>1,090,119</u>	
Total primary government	<u>17,458,818</u>	<u>7,358,432</u>	<u>2,223,619</u>	<u>87,380</u>	<u>(8,879,506)</u>	<u>1,090,119</u>	<u>(7,789,387)</u>	
Component Unit								
Community Development Authority	1,308,894	185,347	600	-			\$ (1,122,947)	
Total component units	<u>\$ 1,308,894</u>	<u>\$ 185,347</u>	<u>\$ 600</u>	<u>\$ -</u>			<u>(1,122,947)</u>	
General revenues:								
Taxes:								
Property taxes, levied for general purposes					4,737,689	-	4,737,689	
Property taxes, levied for debt service					650,072	-	650,072	
Other taxes					141,857	-	141,857	
Grants and contributions not restricted to specific programs					3,633,671	-	3,633,671	
Unrestricted investment earnings					176,648	89,234	265,882	
Public gifts and grants					50,081	-	50,081	
Miscellaneous					232,566	19,173	251,739	
Special item - gain (loss) on retirement of asset(s)					374	-	374	
Transfers to/from CDA					(87,292)	-	(87,292)	
Transfers					347,488	(347,488)	-	
Total general revenues, transfers, and special items					<u>9,883,154</u>	<u>(239,081)</u>	<u>9,644,073</u>	
Change in net position					1,003,648	851,038	1,854,686	
Net position - beginning, restated					28,451,980	31,644,437	60,096,417	
Net position - ending					<u>\$ 29,455,628</u>	<u>\$ 32,495,475</u>	<u>\$ 61,951,103</u>	

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Governmental Funds
December 31, 2018**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 4</u>	<u>Other Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 2,978,317	\$ 17,660	\$ 808,394	\$ -	\$ 1,346,176	\$ 5,150,547
Receivables:						
Taxes	3,831,303	-	1,819,613	-	77,890	5,728,806
Delinquent Personal Property Taxes	2,733	-	-	-	-	2,733
Special Assessments	7,919	-	-	-	-	7,919
Other	87,939	-	78,000	-	-	165,939
Due from Other Governments	-	-	-	73,683	142,755	216,438
Due from Other Funds	127,025	-	-	-	144	127,169
Prepaid Expenses	87,042	-	-	-	-	87,042
Restricted Cash	-	-	-	335,091	-	335,091
Advances Receivable	268,200	-	-	-	-	268,200
Total Assets	<u>\$ 7,390,478</u>	<u>\$ 17,660</u>	<u>\$ 2,706,007</u>	<u>\$ 408,774</u>	<u>\$ 1,566,965</u>	<u>\$ 12,089,884</u>
LIABILITIES						
Accounts Payable	\$ 268,236	\$ -	\$ -	\$ 414,196	\$ 80,620	\$ 763,052
Accrued Liabilities	361,356	-	-	-	27,183	388,539
Due to Other Funds	-	-	-	35,852	46,999	82,851
Due to Other Governments	103,676	-	-	-	-	103,676
Advance Payable to CDA	-	-	750,000	-	-	750,000
Advances Payable	-	-	-	-	268,200	268,200
Total Liabilities	<u>733,268</u>	<u>-</u>	<u>750,000</u>	<u>450,048</u>	<u>423,002</u>	<u>2,356,318</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,861,343</u>	<u>-</u>	<u>1,905,424</u>	<u>-</u>	<u>179,118</u>	<u>5,945,885</u>
FUND BALANCE (DEFICIT)						
Nonspendable	357,975	-	-	-	-	357,975
Restricted	-	17,660	50,583	-	1,233,841	1,302,084
Assigned	838,352	-	-	-	-	838,352
Unassigned (Deficit)	1,599,540	-	-	(41,274)	(268,996)	1,289,270
Total Fund Balance (Deficit)	<u>2,795,867</u>	<u>17,660</u>	<u>50,583</u>	<u>(41,274)</u>	<u>964,845</u>	<u>3,787,681</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 7,390,478</u>	<u>\$ 17,660</u>	<u>\$ 2,706,007</u>	<u>\$ 408,774</u>	<u>\$ 1,566,965</u>	<u>\$ 12,089,884</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, 2018**

Total fund balance, governmental funds	\$	3,787,681
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</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.		40,161,668
Property held for resale.		30,299
The net pension asset (liability) is not a current financial resource and is, therefore, not reported in the fund statements.		985,976
The net OPEB asset (liability) is not a current financial obligation and is, therefore, not reported in the fund statements.		(298,045)
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB 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.		(90,015)
Deferred inflows of resources are reported in the fund financial statement, but are already recognized as earned in the Statement of Position.		104,126
Some liabilities, (such as General Obligation Debt, Long-Term Compensated Absences, and Leases Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
Long-term debt current portion	1,425,981	
Long-term debt non-current portion	12,961,389	
Unamortized premium on debt	147,022	
Compensated absences current portion	71,549	
Compensated absences long-term portion	489,816	
Accrued interest	130,305	(15,226,062)
Net Position of Governmental Activities in the Statement of Net Position		\$ 29,455,628

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, 2018**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 4</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property Taxes	\$ 2,972,015	\$ 650,072	\$ 1,829,828	\$ -	\$ 84,133	\$ 5,536,048
Other Taxes	-	-	165,295	-	-	165,295
Special Assessment Revenue	1,069	-	-	-	-	1,069
Intergovernmental	4,637,393	-	98,820	93,158	490,820	5,320,191
License and Permits	151,520	-	-	-	-	151,520
Fines, Forfeits and Penalties	398,149	-	-	-	8,189	406,338
Public Charges for Services	85,607	-	-	-	911,617	997,224
Interest Income	137,593	2,095	-	21,107	6,882	167,677
Miscellaneous Income	128,895	8,279	-	-	65,675	202,849
Total Revenues	<u>8,512,241</u>	<u>660,446</u>	<u>2,093,943</u>	<u>114,265</u>	<u>1,567,336</u>	<u>12,948,231</u>
EXPENDITURES						
Current:						
General Government	1,621,287	-	-	-	-	1,621,287
Public Safety	3,928,312	-	-	-	42,208	3,970,520
Public Works	1,526,371	-	-	-	149,932	1,676,303
Culture, Recreation and Education	637,557	-	-	-	1,938,792	2,576,349
Conservation and Development	-	-	750	-	6,433	7,183
Capital Outlay	89,960	-	-	1,723,786	43,686	1,857,432
Debt Service:						
Principal Repayment	-	3,002,587	-	-	-	3,002,587
Interest Expense	-	497,664	-	17,574	-	515,238
Total Expenditures	<u>7,803,487</u>	<u>3,500,251</u>	<u>750</u>	<u>1,741,360</u>	<u>2,181,051</u>	<u>15,226,899</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>708,754</u>	<u>(2,839,805)</u>	<u>2,093,193</u>	<u>(1,627,095)</u>	<u>(613,715)</u>	<u>(2,278,668)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	-	1,257,957	-	1,277,044	-	2,535,001
Debt Premium	-	-	-	46,920	-	46,920
Transfer from CDA	12,708	-	-	-	-	12,708
Transfers In	464,915	1,423,976	-	146,871	648,182	2,683,944
Transfers Out	(778,784)	-	(1,363,658)	(127,426)	(66,588)	(2,336,456)
Transfers Out to CDA	-	-	(75,000)	-	(25,000)	(100,000)
Total Other Financing Sources and Uses	<u>(301,161)</u>	<u>2,681,933</u>	<u>(1,438,658)</u>	<u>1,343,409</u>	<u>556,594</u>	<u>2,842,117</u>
Net Change in Fund Balances	407,593	(157,872)	654,535	(283,686)	(57,121)	563,449
Fund Balances (Deficits) - Beginning	2,388,274	175,532	(603,952)	242,412	1,021,966	3,224,232
Fund Balances (Deficits) - Ending	<u>\$ 2,795,867</u>	<u>\$ 17,660</u>	<u>\$ 50,583</u>	<u>\$ (41,274)</u>	<u>\$ 964,845</u>	<u>\$ 3,787,681</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, 2018**

Net change in fund balances - total governmental funds: \$ 563,449

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 \$1,823,904 were greater than depreciation \$1,420,365 in the current period. 403,539

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. 52,153

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. The following is a summary of the debt activity for the year.

Proceeds of general obligation debt	(2,535,000)
Proceeds of debt premium	(46,920)
Debt repayment - general obligation	3,002,587

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	(21,620)
Adjustment for increase in compensated absences	(265,886)
Adjustment for amortization expense not reflected on Governmental Funds	10,227

Pension and OPEB expense reported in the governmental funds represents current year required contributions into the defined benefit pension and OPEB plans. Pension and OPEB expense in the Statement of Activities are actuarially determined by the defined benefit pension and OPEB plans as differences between net pension asset/net OPEB liability from the prior year to the current year, with some adjustments. (158,881)

Change in net position of governmental activities	\$ 1,003,648
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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, 2018**

Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,315,089	\$ 1,513,733	\$ 233,607	\$ 3,062,429
Receivables				
Accounts	144,856	308,618	19,497	472,971
Interest	4,480	1,559	-	6,039
Other	-	-	127,350	127,350
Inventories	22,500	-	-	22,500
Total Current Assets	<u>1,486,925</u>	<u>1,823,910</u>	<u>380,454</u>	<u>3,691,289</u>
Restricted Assets:				
Restricted Cash	1,265,448	3,658,326	146,782	5,070,556
Net Pension Asset	78,715	100,026	25,425	204,166
Total Restricted Assets	<u>1,344,163</u>	<u>3,758,352</u>	<u>172,207</u>	<u>5,274,722</u>
Capital Assets:				
Construction Work-In-Progress	725,285	20,280,593	1,177,249	22,183,127
Land	6,727	185,636	-	192,363
Utility Plant	18,679,159	41,124,315	5,216,120	65,019,594
Less Accumulated Depreciation	(7,438,020)	(24,682,265)	(557,795)	(32,678,080)
Net Capital Assets	<u>11,973,151</u>	<u>36,908,279</u>	<u>5,835,574</u>	<u>54,717,004</u>
Noncurrent Assets:				
Property Held for Resale	-	240,369	-	240,369
Total Noncurrent Assets	<u>-</u>	<u>240,369</u>	<u>-</u>	<u>240,369</u>
Total Assets	<u>14,804,239</u>	<u>42,730,910</u>	<u>6,388,235</u>	<u>63,923,384</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	145,471	184,854	46,988	377,313
Total Deferred Outflows of Resources	<u>145,471</u>	<u>184,854</u>	<u>46,988</u>	<u>377,313</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 14,949,710</u>	<u>\$ 42,915,764</u>	<u>\$ 6,435,223</u>	<u>\$ 64,300,697</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2018**

Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 31,574	\$ 366,675	\$ 19,869	\$ 418,118
Accrued Liabilities	12,500	15,632	3,514	31,646
Accrued Interest Payable	33,882	95,025	18,092	146,999
Due to Other Funds	8,489	-	-	8,489
Compensated Absences	10,123	9,378	3,475	22,976
Current Portion of Long-Term Debt	210,000	1,298,295	105,000	1,613,295
Total Current Liabilities	<u>306,568</u>	<u>1,785,005</u>	<u>149,950</u>	<u>2,241,523</u>
Non-Current Liabilities:				
Long-Term Debt				
Notes Payable	-	-	355,000	355,000
Bonds and Loans Payable	3,145,000	23,931,764	1,414,997	28,491,761
Unamortized Debt Premium	99,385	67,510	32,041	198,936
Total Long-Term Debt	<u>3,244,385</u>	<u>23,999,274</u>	<u>1,802,038</u>	<u>29,045,697</u>
Other Liabilities				
Compensated Absences	54,945	39,418	20,716	115,079
Total Other Liabilities	<u>54,945</u>	<u>39,418</u>	<u>20,716</u>	<u>115,079</u>
Total Non-Current Liabilities	<u>3,299,330</u>	<u>24,038,692</u>	<u>1,822,754</u>	<u>29,160,776</u>
Total Liabilities	<u>3,605,898</u>	<u>25,823,697</u>	<u>1,972,704</u>	<u>31,402,299</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	155,345	197,401	50,177	402,923
Total Deferred Inflows of Resources	<u>155,345</u>	<u>197,401</u>	<u>50,177</u>	<u>402,923</u>
NET POSITION				
Net Investment in Capital Assets	9,525,986	12,032,012	4,087,927	25,645,925
Restricted	323,730	3,209,509	-	3,533,239
Unrestricted	1,338,751	1,653,145	324,415	3,316,311
Total Net Position	<u>11,188,467</u>	<u>16,894,666</u>	<u>4,412,342</u>	<u>32,495,475</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 14,949,710</u>	<u>\$ 42,915,764</u>	<u>\$ 6,435,223</u>	<u>\$ 64,300,697</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, 2018**

	Enterprise Funds			
	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
OPERATING REVENUES				
Charges for Services	\$ 1,850,420	\$ 3,269,493	\$ 518,675	\$ 5,638,588
Other Operating Revenues	-	-	7,260	7,260
Total Operating Revenues	<u>1,850,420</u>	<u>3,269,493</u>	<u>525,935</u>	<u>5,645,848</u>
OPERATING EXPENSES				
Operation and Maintenance	1,076,252	1,470,386	311,184	2,857,822
Depreciation	409,332	1,167,922	70,397	1,647,651
Total Operating Expenses	<u>1,485,584</u>	<u>2,638,308</u>	<u>381,581</u>	<u>4,505,473</u>
Operating Income (Loss)	<u>364,836</u>	<u>631,185</u>	<u>144,354</u>	<u>1,140,375</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	28,429	54,202	6,603	89,234
Miscellaneous Non-Operating Revenues	3,323	12,856	2,994	19,173
Operating Grants and Contributions	-	-	610,597	610,597
Interest Expense	<u>(96,009)</u>	<u>(538,382)</u>	<u>(62,026)</u>	<u>(696,417)</u>
Total Non-Operating Revenue (Expenses)	<u>(64,257)</u>	<u>(471,324)</u>	<u>558,168</u>	<u>22,587</u>
Income (Loss) Before Contributions and Transfers	<u>300,579</u>	<u>159,861</u>	<u>702,522</u>	<u>1,162,962</u>
Capital Contributions	15,500	20,064	-	35,564
Transfers Out	<u>(325,988)</u>	<u>-</u>	<u>(21,500)</u>	<u>(347,488)</u>
Change in Net Position	<u>(9,909)</u>	<u>179,925</u>	<u>681,022</u>	<u>851,038</u>
Total Net Position - Beginning	11,198,376	16,714,741	3,731,320	31,644,437
Total Net Position - Ending	<u>\$ 11,188,467</u>	<u>\$ 16,894,666</u>	<u>\$ 4,412,342</u>	<u>\$ 32,495,475</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, 2018

	Water	Wastewater	Stormwater	Totals 2018
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 1,840,511	\$ 3,275,837	\$ 443,242	\$ 5,559,590
Payments to suppliers	(475,956)	(1,840,776)	(143,052)	(2,459,784)
Payments to employees	(592,023)	(771,287)	(200,875)	(1,564,185)
Taxes paid	(325,988)	-	-	(325,988)
Net cash provided (used) by operating activities	<u>446,544</u>	<u>663,774</u>	<u>99,315</u>	<u>1,209,633</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition and construction of plant assets	(731,233)	(3,451,418)	(1,005,396)	(5,188,047)
Proceeds of debt	1,850,000	3,937,673	800,000	6,587,673
Principal payments on long-term debt	(743,181)	(825,499)	(371,175)	(1,939,855)
Interest paid	(79,155)	(524,420)	(53,455)	(657,030)
Capital contributions	-	-	610,597	610,597
Deferred charges	99,385	67,510	32,041	198,936
Net cash provided (used) by capital and related financing activities	<u>395,816</u>	<u>(796,154)</u>	<u>12,612</u>	<u>(387,726)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	26,140	48,977	6,603	81,720
Net cash provided (used) by investing activities	<u>26,140</u>	<u>48,977</u>	<u>6,603</u>	<u>81,720</u>
Net increase (decrease) in cash and equivalents	868,500	(83,403)	118,530	903,627
Cash and equivalents - beginning of year	<u>1,679,748</u>	<u>4,959,986</u>	<u>261,859</u>	<u>6,901,593</u>
Cash and equivalents - end of year	<u>\$ 2,548,248</u>	<u>\$ 4,876,583</u>	<u>\$ 380,389</u>	<u>\$ 7,805,220</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, 2018

	Water	Wastewater	Stormwater	Totals 2018
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 364,836	\$ 631,185	\$ 144,354	\$ 1,140,375
Adjustments to Reconcile Operating Income (Loss):				
Joint meter	24,208	(24,208)	-	-
Cash Provided (Used) by Operating Activities:				
Miscellaneous	3,323	12,856	2,994	19,173
Depreciation	409,430	1,167,824	70,397	1,647,651
Transfer out	(325,988)	-	(21,500)	(347,488)
Pension expense	2,906	14,734	846	18,486
Changes in Assets and Liabilities:				
Customer accounts receivable	(9,909)	6,344	17,073	13,508
Other accounts receivable	-	-	(95,500)	(95,500)
Due from/to other funds	1,649	-	-	1,649
Accounts payable	4,661	(1,102,040)	(16,560)	(1,113,939)
Accrued liabilities	(18,428)	(42,921)	(2,789)	(64,138)
Net cash provided (used) by operating activities	\$ 446,544	\$ 663,774	\$ 99,315	\$ 1,209,633
Noncash Activity				
Plant financed through accounts payable	\$ -	\$ 249,708	\$ -	\$ 249,708
Contributions for plant	15,500	20,064	-	35,564
Net noncash activity	\$ 15,500	\$ 269,772	\$ -	\$ 285,272
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and cash equivalents	\$ 1,315,089	\$ 1,513,733	\$ 233,607	\$ 3,062,429
Restricted Cash	1,265,448	3,658,326	146,782	5,070,556
Total cash and investments	2,580,537	5,172,059	380,389	8,132,985
Less: Noncash equivalents	(32,289)	(295,476)	-	(327,765)
Cash and Cash Equivalents	\$ 2,548,248	\$ 4,876,583	\$ 380,389	\$ 7,805,220

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 6,154,723
Receivables:	
Taxes Receivable	3,463,077
Other Receivables	8,655
Total Assets	<u><u>\$ 9,626,455</u></u>
LIABILITIES	
Due to Other Funds	\$ 35,829
Due to Other Governments	9,590,626
Total Liabilities	<u><u>\$ 9,626,455</u></u>

See accompanying notes to the basic financial statements

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

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 “City”). 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

The government-wide financial statements include the City of Whitewater Community Development Authority (“CDA”) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the CDA, and also create a potential financial benefit to or burden on the City. See Note 15. As a component unit, the CDA’s financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended 2018. The CDA does not issue separate financial statements.

Excluded Component Unit

The City considered the potential of the Whitewater Volunteer Fire Department (the “Department”) as a component unit, but excluded it since the City does not control the Department nor can it access its financial resources. See Note 13.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide 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.

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, proprietary, 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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

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 of resources, liabilities and deferred inflows of resources, 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.
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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.

Major Governmental Funds

The City reports the following 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.

Other Capital Projects Fund – Accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds and those that are not associated with tax incremental financing districts.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Major and Non-Major Enterprise Funds

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

Enterprise Funds – Used to account for operations (1) 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 (2) 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)

Non-Major Governmental Funds

The City reports the following 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. Non-major special revenue funds included in these statements are the following:

- Cable TV Fund
- Library Special Revenue Fund
- Taxicab Grant Program Fund
- Parkland Acquisition Fund
- Parkland Development Fund
- Forestry Fund
- Rescue Squad Equipment/Education Fund
- Parking Permit Fund
- Police Department Trust Fund
- Parks and Recreation Fund
- Field of Dreams Fund
- Aquatic Center Fund

Capital Projects Funds – Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Non-major capital projects funds included in these statements are the following:

- Tax Incremental Districts No. 5, 6, 7, 8 and 9 (TID 5, TID 6, TID 7, TID 8 and TID 9)

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

In addition, the City reports the following fund types:

Agency Funds – 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 represent 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 represent 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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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

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

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 of resources.

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 of resources 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 of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources 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 of resources 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 ("GASB"). 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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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.

D. Assets, Liabilities, and Net Position or Equity

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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Cash and Cash Equivalents/Investments (Continued)

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 Note 2 for additional information.

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.

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 of resources in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2018 tax roll

Lien date and levy date	December, 2018
Tax Bills mailed	December, 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October, 2021

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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

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”.

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.

Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred inflows of resources 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 of resources 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.

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.

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, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

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 2018.

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.

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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

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.

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, 2018 are determined on the basis of current salary rates and include salary related payments.

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.

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 of resources 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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of GASB 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.

Equity Classifications

Government-Wide Statements

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

1. 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.
2. 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.
3. 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.

Fund Financial Statements

Government fund equity is classified as fund balance.

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

1. Nonspendable – Resources which cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
2. Restricted – Resources with constraints placed on the use of resources are either (1) externally imposed by the creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Equity Classifications (Continued)

Fund Financial Statements(Continued)

3. 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.
4. 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.
5. 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 were approved by the City effective June 28, 2018. Current wastewater and stormwater rates were approved by the City Council on December 29, 2015.

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.

G. Deficit Balances

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

As of December 31, 2018, the following individual funds held a deficit balance:

Fund	Amount	Reason
Other Capital		
Projects Fund	\$(41,274)	Project costs in excess of revenues
TID 5	(18,492)	Project costs in excess of revenues
TID 7	(1,262)	Project costs in excess of revenues
Aquatic Center		
Fund	(249,242)	Project costs in excess of revenues

The TID 5 and TID 7 deficits are anticipated to be replenished with future increments. The Other Capital Projects Fund Aquatic Center Fund deficits will be addressed in 2019.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

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 interfund 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.

L. Other Post-Employment Benefits

The fiduciary net position of the Local Retiree Life Insurance Fund ("LRLIF") has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

M. Deferred Outflows of Resources 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 two items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system and the LRLIF.

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 three items that qualify for reporting in the category. The deferred inflows of resources are related to the deferred property tax revenue to be received in 2019, along with the WRS pension system and the LRLIF.

N. Change in Accounting Principle

Effective January 1, 2018, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Implementation of GASB 75 required beginning net position in the governmental activities to be decreased by \$234,190. See Note 11 for additional information on the City's other postemployment benefits.

2. Cash and Investments

As previously discussed, cash for all City funds is pooled for investment purposes. At December 31, 2018, the cash and investments consist of the following:

	Carrying Value	Bank Balance	Associated Risk
	<u> </u>	<u> </u>	<u> </u>
Deposits in financial institutions - City	\$ 14,453,566	\$ 13,588,446	Custodial credit risk, interest rate risk
Deposits in financial institutions - CDA	1,097,029	976,212	Custodial credit risk, interest rate risk
LGIP	<u>5,319,775</u>	<u>5,319,775</u>	Credit risk, interest rate risk
Total Cash and Investments	<u>\$ 20,870,370</u>	<u>\$ 19,884,433</u>	

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

2. Cash and Investments (Continued)

Reconciliation to financial statements	
Per statement of net position	
Primary government	
Cash and Cash Equivalents	\$ 8,212,972
Restricted Cash and Cash Equivalents	5,405,647
Component unit	1,097,029
Per statement of net position -	
Fiduciary Funds	
Agency	<u>6,154,722</u>
Total Cash and Investments	<u>\$ 20,870,370</u>

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 a collateral agreement with a financial institution in the amount of \$7,343,320.

A. 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, 2018, the Local Government Investment Pool ("LGIP") investments have an average maturity of 19 days and a fair value of \$5,319,775.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

2. Cash and Investments (Continued)

A. Interest Rate Risk (Continued)

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

Total of CDs City	\$	327,765
	\$	327,765
		327,765
Maturing by 12/31/19		327,765
	\$	327,765
		327,765

B. 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 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, 2018, 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, 2018, was: 87.25% in U.S. Government Securities, 2.19% in Certificates of Deposit and Bankers’ Acceptances and 10.56% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

C. 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, 2018

2. Cash and Investments (Continued)

C. Custodial Credit Risk (Continued)

As of December 31, 2018, the City's deposits with financial institutions in excess of federal depository insurance limits that were exposed to custodial credit risk are listed below:

Insured by FHLB with a letter of credit	\$ 4,006,347
	<u><u> </u></u>
Uninsured and collateral held by the pledging financial institution's trust department or agent not in the City's name	\$ 7,343,320
	<u><u> </u></u>
Uninsured and uncollateralized	\$ -
	<u><u> </u></u>

D. 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:

	General
Delinquent personal property taxes	\$ 2,733
Special assessments	1,215
	<u> </u>
Total	<u><u>\$ 3,948</u></u>

Governmental funds report deferred inflows of resources 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 of resources and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable for subsequent year	\$ -	\$ 5,728,806	\$ 5,728,806
Special assessments not yet due	1,216	-	1,216
Developer agreement PILOT payments	85,812	-	85,812
Taxi-cab grant	17,102	-	17,102
Other items	-	28,823	28,823
Tournament fees	-	20,126	20,126
Aquatic center school revenue	-	64,000	64,000
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources			
For Governmental Funds	<u><u>\$ 104,130</u></u>	<u><u>\$ 5,841,755</u></u>	<u><u>\$ 5,945,885</u></u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

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, 2018:

	Other Capital Projects Fund	Water Utility	Wastewater Utility	Stormwater Utility	Totals
Restricted Assets					
Redemption account	\$ -	\$ 357,613	\$ 1,167,721	\$ -	\$ 1,525,334
Depreciation account	-	-	25,283	-	25,283
Reserve account	-	271,447	226,966	-	498,413
Connection account	-	-	313,642	-	313,642
DNR Replacement account	-	-	1,797,888	-	1,797,888
Unspent bond proceeds	335,091	636,388	126,826	146,782	1,245,087
	<u>335,091</u>	<u>636,388</u>	<u>126,826</u>	<u>146,782</u>	<u>1,245,087</u>
Total Restricted Assets	<u>\$ 335,091</u>	<u>\$ 1,265,448</u>	<u>\$ 3,658,326</u>	<u>\$ 146,782</u>	<u>\$ 5,405,647</u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

5. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2018, was as follows:

	1/1/2018 Beginning Balance	Additions	Deletions	12/31/2018 Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 215,594	\$ 1,260,150	\$ 49,241	\$ 1,426,503
Land	3,024,621	-	-	3,024,621
Right of way	1,830,165	49,241	-	1,879,406
Land improvements	4,841,168	-	-	4,841,168
Total Capital Assets Not Being Depreciated	<u>9,911,548</u>	<u>1,309,391</u>	<u>49,241</u>	<u>11,171,698</u>
Capital Assets Being Depreciated				
Land Improvements	782,189	-	-	782,189
Buildings	12,439,856	63,313	-	12,503,169
Traffic and Street Lights	909,297	178,601	-	1,087,898
Machinery and Equipment	9,798,069	320,131	-	10,118,200
Streets	26,349,129	1,709	-	26,350,838
Sidewalks	973,567	-	-	973,567
Curb and Gutter	691,467	-	-	691,467
Total Capital Assets Being Depreciated	<u>51,943,574</u>	<u>563,754</u>	<u>-</u>	<u>52,507,328</u>
Accumulated Depreciation				
Land improvements	382,077	26,254	-	408,331
Buildings	4,969,253	290,426	-	5,259,679
Traffic and street lights	327,163	35,629	-	362,792
Machinery and equipment	7,037,145	525,693	-	7,562,838
Streets	8,974,015	503,712	-	9,477,727
Sidewalks	237,001	21,365	-	258,366
Curb and gutter	170,339	17,286	-	187,625
Total Accumulated Depreciation	<u>22,096,993</u>	<u>1,420,365</u>	<u>-</u>	<u>23,517,358</u>
Capital Assets, Net of Depreciation	<u>\$ 39,758,129</u>	<u>\$ 452,780</u>	<u>\$ 49,241</u>	<u>\$ 40,161,668</u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

5. Capital Assets (Continued)

Depreciation expense for the governmental activities is as follows:

Government Activities		
General Government	\$	150,062
Public Safety		332,463
Public Works, which includes the depreciation of streets (including curb and gutter) and sidewalks		774,768
Culture, Recreation and Education		<u>163,072</u>
Total Governmental Activities Depreciation Expense	\$	<u><u>1,420,365</u></u>

Capital asset activity in the business-type activities for the year ended December 31, 2018, 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	\$ 20,829	\$ 704,456	\$ -	\$ 725,285
Land and land rights	<u>6,727</u>	<u>-</u>	<u>-</u>	<u>6,727</u>
Total Capital Assets Not Being Depreciated	<u>27,556</u>	<u>704,456</u>	<u>-</u>	<u>732,012</u>
Capital Assets Being Depreciated				
Source of supply	705,364	-	-	705,364
Pumping	1,212,857	-	-	1,212,857
Water treatment	1,458,742	-	-	1,458,742
Transmission and distribution	14,789,934	32,427	17,585	14,804,776
Administrative and general assets	<u>487,570</u>	<u>9,850</u>	<u>-</u>	<u>497,420</u>
Total Capital Assets Being Depreciated	<u>18,654,467</u>	<u>42,277</u>	<u>17,585</u>	<u>18,679,159</u>
Total Capital Assets	<u>18,682,023</u>	<u>746,733</u>	<u>17,585</u>	<u>19,411,171</u>
Less: Accumulated depreciation	<u>7,021,967</u>	<u>433,638</u>	<u>17,585</u>	<u>7,438,020</u>
Net Capital Assets	<u><u>\$ 11,660,056</u></u>	<u><u>\$ 313,095</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,973,151</u></u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

5. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 20,895,969	\$ 3,432,792	\$ 4,048,168	\$ 20,280,593
Land and land rights	185,636	-	-	185,636
Total Capital Assets Not Being Depreciated	21,081,605	3,432,792	4,048,168	20,466,229
Capital Assets Being Depreciated				
Collection system	13,708,329	-	6,444	13,701,885
Treatment and disposal	26,049,913	4,048,169	3,372,893	26,725,189
General	1,100,825	38,689	442,273	697,241
Total Capital Assets Being Depreciated	40,859,067	4,086,858	3,821,610	41,124,315
Total Capital Assets	61,940,672	7,519,650	7,869,778	61,590,544
Less: Accumulated depreciation	27,360,259	1,143,616	3,821,610	24,682,265
Net Capital Assets	<u>\$ 34,580,413</u>	<u>\$ 6,376,034</u>	<u>\$ 4,048,168</u>	<u>\$ 36,908,279</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 174,851	\$ 1,002,398	\$ -	\$ 1,177,249
Total Capital Assets Not Being Depreciated	174,851	1,002,398	-	1,177,249
Capital Assets Being Depreciated				
Infrastructure	5,213,121	2,999	-	5,216,120
Less: Accumulated depreciation	487,397	70,398	-	557,795
Net Capital Assets	<u>\$ 4,900,575</u>	<u>\$ 934,999</u>	<u>\$ -</u>	<u>\$ 5,835,574</u>

Listed below is the depreciation expense for the utilities.

Business Type Activities	
Water Utility	\$ 409,430
Wastewater Utility	1,167,824
Stormwater Utility	70,398
Total Business-Type Activities Depreciation Expense	<u>\$ 1,647,652</u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

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	\$ 310
General Fund	Aquatic Center Fund	29,795
General Fund	TID 5	16,440
General Fund	Water Utility	8,489
General Fund	Other Capital Projects	35,852
General Fund	Tax Collection Fund	35,829
General Fund	Rescue Squad Fund	310
Subtotal - General Fund		127,025
TID 8	TID 6	144
Subtotal - Other Funds		144
Subtotal - Fund Financial Statements		127,169
Less: Fund Eliminations		(118,680)
Total - Government-Wide Statements		\$ 8,489
Receivable Fund	Payable Fund	Amount
Governmental Activity	Business-type Activity	\$ (8,489)
Business-type Activity	Governmental Activity	8,489
	Total	\$ -

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

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 Fund 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	Aquatic Center	250,000	-
General Fund	TID 5	17,000	-
General Fund	TID 7	1,200	-
Total - Advances receivable		<u>\$ 1,018,200</u>	<u>\$ -</u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

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	Parking Maintenance	\$ 2,000	Administrative reimbursement
General Fund	Parks and Recreation	38,000	Administrative reimbursement
General Fund	Water Utility	325,988	Tax equivalent
General Fund	Other Capital Projects	77,427	Operations
DPW Equipment	Stormwater Utility	21,500	Capital equipment
Subtotal - General Fund		<u>464,915</u>	
Debt Service Fund	TID 4	1,363,658	Debt service payment
Debt Service Fund	TID 6	26,588	Debt service payment
Debt Service Fund	General Fund	33,730	Debt service payment
Aquatic Center Fund	Other Capital Projects	50,000	Capital improvements
Aquatic Center Fund	General Fund	78,000	Appropriation
Other Capital Projects	General Fund	146,871	Appropriation
Library Special Revenue Fund	General Fund	484,182	Operations
Taxicab Grant Program	General Fund	30,000	City portion
Forestry Fund	General Fund	6,000	Operations
Subtotal - Other Funds		<u>2,219,029</u>	
Sub-Total – Fund Financial Statements		2,683,944	
Less: Fund Eliminations		<u>(2,336,456)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 347,488</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, 2018

7. Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2018.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt	\$ 14,854,957	\$ 2,535,000	\$ 3,002,587	\$ 14,387,370	\$ 1,425,981
Sub-Total	<u>14,854,957</u>	<u>2,535,000</u>	<u>3,002,587</u>	<u>14,387,370</u>	<u>1,425,981</u>
Other Liabilities					
Vested Compensated Absences	295,479	265,886	-	561,365	71,549
Total Other Liabilities	<u>295,479</u>	<u>265,886</u>	<u>-</u>	<u>561,365</u>	<u>71,549</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 15,150,436</u>	<u>\$ 2,800,886</u>	<u>\$ 3,002,587</u>	<u>\$ 14,948,735</u>	<u>\$ 1,497,530</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
Revenue Bonds	\$ 22,610,195	\$ 2,582,673	\$ 377,810	\$ 24,815,058	\$ 1,398,295
General Obligation Debt	3,202,043	4,005,000	1,562,045	5,644,998	215,000
Total Long-Term Debt	<u>25,812,238</u>	<u>6,587,673</u>	<u>1,939,855</u>	<u>30,460,056</u>	<u>1,613,295</u>
Other Liabilities					
Vested Compensated Absences	183,808	-	45,753	138,055	22,976
Total Other Liabilities	<u>183,808</u>	<u>-</u>	<u>45,753</u>	<u>138,055</u>	<u>22,976</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 25,996,046</u>	<u>\$ 6,587,673</u>	<u>\$ 1,985,608</u>	<u>\$ 30,598,111</u>	<u>\$ 1,636,271</u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

7. Long-Term Obligations (Continued)

A. Governmental Activities – 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, 2018, is \$33,319,555. Debt subject to the limit is \$17,469,413. 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 12/31/18</u>	<u>Current Portion</u>
Governmental Activities						
2010 Taxable GO Bonds	2/9/2010	12/1/2029	2.8-6.05	\$ 3,290,000	\$ 2,435,000	\$ 185,000
2010 GO Refunding Bonds	9/1/2010	9/1/2020	2.3-3.0	\$ 5,000,000	1,400,000	690,000
2010 Taxable GO Bonds	10/12/2010	9/1/2027	.75-5.0	\$ 2,110,000	1,655,000	95,000
2012 GO Refunding Bonds	5/17/2012	9/1/2031	.85-3.25	\$ 5,020,000	3,860,000	260,000
2014 Taxable GO Bonds	6/10/2014	9/1/2029	.5-3.0	\$ 2,645,000	2,270,000	140,000
2017 Taxable GO Notes	2/15/2017	2/15/2022	2.45-2.46	\$ 287,000	232,370	55,981
2018 Taxable GO Bonds	4/11/2018	9/1/2037	2.0-5.0	\$ 2,535,000	2,535,000	-
Total Governmental Activities -- General Obligation Debt					<u><u>\$ 14,387,370</u></u>	<u><u>\$ 1,425,981</u></u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

7. Long-Term Obligations (Continued)

A. Governmental Activities – General Obligation Debt (Continued)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,425,981	\$ 488,529
2020	1,522,366	448,800
2021	953,784	403,578
2022	975,238	372,254
2023	995,000	339,124
2024-2028	5,180,000	1,112,895
2029-2033	2,485,000	327,596
2034-2037	850,000	68,900
Totals	\$ 14,387,370	\$ 3,561,675

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

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 12/31/18</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	\$ 565,000	\$ 60,000
2012 Mortgage Revenue Bonds	5/17/2012	10/1/2027	.85-2.85%	\$ 855,000	545,000	55,000
Total water utility revenue bonds					1,110,000	115,000
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 510,000	395,000	30,000
2018 Taxable GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 1,850,000	1,850,000	65,000
Total Water Utility long-term debt					3,355,000	210,000
<u>Wastewater Utility</u>						
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	\$ 50,000	1,820,668	142,812
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	\$ 115,954	447,384	29,732
2012 Mortgage Revenue Bonds	5/17/2012	11/1/2027	.85-2.85%	\$ 1,485,000	940,000	95,000
2016 Clean Water Fund Loan	4/13/2016	5/1/2035	2.10%	\$ 8,829,926	20,497,007	1,015,750
Total wastewater utility revenue bonds					23,705,059	1,283,295
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 220,000	170,000	15,000
2018 Taxable GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 1,355,000	1,355,000	-
Total Wastewater Utility long-term debt					25,230,059	1,298,295
<u>Stormwater Utility</u>						
2012 GO Refunding Bonds	5/17/2012	9/1/2031	.85-3.25%	\$ 455,000	374,997	20,000
2014 Taxable GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 905,000	700,000	55,000
2018 Taxable GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 800,000	800,000	30,000
Total Stormwater Utility long-term debt					1,874,997	105,000
Total Business-type Activities Debt					\$ 30,460,056	\$ 1,613,295

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

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>
2019	\$ 1,613,295	\$ 720,515
2020	1,699,495	685,204
2021	1,776,281	646,392
2022	1,813,667	603,465
2023	1,856,665	557,381
2024-2028	9,630,754	2,045,905
2029-2033	8,246,151	945,760
2034-2037	3,823,748	142,548
Total	<u>\$ 30,460,056</u>	<u>\$6,347,170</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, 2018, 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, 2018

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 \$23.32 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, 2018, includes the following:

Capital Assets net of depreciation	\$ 40,161,668
Less: long-term debt outstanding	(14,387,370)
Plus: unspent bond proceeds	335,091
Total Net Investment in Capital Assets	26,109,389
Restricted	
Subdividers park fees	70,609
Rescue squad equipment	153,696
Taxicab	72,942
Library	662,198
Cable TV	24,621
Forestry	12,192
Parking permits	31,763
Police department trust	56,544
Parks and recreation	13,114
Field of Dreams	49,270
TIF districts	86,892
Debt service	17,660
Total Restricted	1,251,501
Unrestricted	2,094,738
Total Governmental Activities Net Position	\$ 29,455,628

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

9. Net Position/Fund Balances (Continued)

Governmental Activities (Continued)

Fund balances as of December 31, 2018, 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	\$ 2,733	\$ -	\$ -	\$ -
Prepaid expenses	87,042	-	-	-
Advances	268,200	-	-	-
27th Payroll	-	-	-	15,757
Fire Department Equipment	-	-	136,190	-
DPW Equipment Revolving Fund	-	-	99,658	-
Police Vehicle Revolving Fund (deficit)	-	-	-	(56,244)
Building Repair Fund	-	-	10,349	-
Skate Park Fund	-	-	7,433	-
Solid Waste/Recycling Fund	-	-	29,371	-
Sick Leave Severance Fund (deficit)	-	-	-	(45,813)
Lakes Improvements Fund	-	-	475	-
Street Repair Revolving Fund	-	-	499,793	-
Insurance Fund	-	-	41,975	-
Elections Fund	-	-	13,108	-
Unassigned	-	-	-	1,685,840
Total General Fund	<u>\$ 357,975</u>	<u>\$ -</u>	<u>\$ 838,352</u>	<u>\$ 1,599,540</u>

Debt Service Fund

Restricted for other debt	<u>\$ 17,660</u>
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TID 4 Capital Projects Fund

TIF fund	<u>\$ 50,583</u>
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Other Capital Projects Fund

Excess expenses over revenues (deficit)	<u>\$ (41,274)</u>
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CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

9. Net Position/Fund Balances (Continued)

Governmental Activities (Continued)

<u>Non-Major Funds</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Special Revenue Funds				
Cable TV Fund	\$ -	\$ 24,621	\$ -	\$ -
Library Special Revenue Fund	-	662,198	-	-
Taxicab Grant Program Fund	-	72,942	-	-
Parkland Acquisition Fund	-	48,689	-	-
Parkland Development Fund	-	21,920	-	-
Forestry Fund	-	12,192	-	-
Rescue Squad Equipment/Education Fund	-	153,696	-	-
Parking Permit Fund	-	31,763	-	-
Police Dept. Trust Fund	-	56,544	-	-
Parks and Recreation Fund	-	13,114	-	-
Field of Dreams Fund	-	49,270	-	-
Aquatic Center (deficit)	-	-	-	(249,242)
Capital Projects Funds				
TID 5 (deficit)	-	-	-	(18,492)
TID 6	-	63,665	-	-
TID 7 (deficit)	-	-	-	(1,262)
TID 8	-	20,292	-	-
TID 9	-	2,935	-	-
Total Non-Major Funds	<u>\$ -</u>	<u>\$ 1,233,841</u>	<u>\$ -</u>	<u>\$ (268,996)</u>

The Aquatic Center deficit is currently financed by a long-term advance from the General Fund.

Business-Type Activities

The following calculation supports the Water, Wastewater, and Stormwater Utilities' balance of net investment in capital assets:

	<u>2018</u>
Water Utility	
Capital Assets net of depreciation	\$ 11,973,151
Less: related long-term debt outstanding	(3,355,000)
Plus: unspent debt proceeds	636,388
Total Invested in Capital Assets	<u>9,254,539</u>
Reserve from borrowing	<u>271,447</u>
Total Net Position - Net Investment in Capital Assets	<u>\$ 9,525,986</u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

9. Net Position/Fund Balances (Continued)

Business-Type Activities (Continued)

	2018
Wastewater Utility	
Capital Assets net of depreciation	\$ 36,908,279
Less: related long-term debt outstanding	(25,230,059)
Plus: unspent debt proceeds	126,826
Total Invested in Capital Assets	11,805,046
Reserve from borrowing	226,966
Total Net Position - Net Investment in Capital Assets	\$ 12,032,012
	2018
Stormwater Utility	
Capital Assets net of depreciation	\$ 5,835,574
Less: related long-term debt outstanding	(1,874,997)
Plus: unspent bond proceeds	127,350
Total Invested in Capital Assets	4,087,927
Total Net Position - Net Investment in Capital Assets	\$ 4,087,927

The following calculation supports the Water, Wastewater, and Stormwater Utilities' balance of restricted net position as of December 31, 2018:

	Water	Wastewater
Restricted Assets		
Redemption account	\$ 357,612	\$ 1,167,721
Reserve account	271,447	226,966
Depreciation account	-	25,283
Connection account	-	313,642
Replacement account	-	1,797,888
Unspent debt proceeds	636,388	126,826
Total Restricted Assets	1,265,447	3,658,326
Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	(271,447)	(226,966)
Less: Unspent Debt Proceeds	(636,388)	(126,826)
Less: Current Liabilities Payable From Restricted Assets	(33,882)	(95,025)
Total Restricted Net Position as Calculated	\$ 323,730	\$ 3,209,509

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

10. Defined Benefit Pension Plan

A. 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>.

B. 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.

C. Benefits Provided

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee’s contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

10. Defined Benefit Pension Plan (Continued)

D. Post-Retirement Adjustments

The ETF 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0

E. 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 \$411,380 in contributions from the municipality.

Contribution rates as of December 31, 2018, are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers, Executives and Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

10. Defined Benefit Pension Plan (Continued)

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

At December 31, 2018, the City reported a liability (asset) of (\$1,202,538) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. 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, 2017, the City's proportion was 0.04050154%, which was an increase of 0.00040463% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$529,817.

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, 2018, 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	\$ 1,527,854	\$ (714,680)
Changes of assumptions	237,598	-
Net difference between projected and actual earnings on pension plan investments	-	(1,652,777)
Changes in proportion and difference between Employer contributions and proportionate share of contributions	17,673	(5,758)
Employer contributions subsequent to the measurement date	<u>439,247</u>	<u>-</u>
Total	<u>\$ 2,222,372</u>	<u>\$ (2,373,215)</u>

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

10. Defined Benefit Pension Plan (Continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$439,247 reported as deferred outflows of resources 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2019	\$ 138,299
2020	\$ (5,357)
2021	\$ (412,496)
2022	\$ (313,407)
2023	\$ 2,871

G. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
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, 2017, is based upon a roll-forward of the liability calculated from the December 31, 2016, actuarial valuation.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

10. Defined Benefit Pension Plan (Continued)

H. 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:

Asset Allocation Targets and Expected Returns			
As of December 31, 2017			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	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

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

10. Defined Benefit Pension Plan (Continued)

I. 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 3.31%. 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.

J. 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:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 3,111,378	\$ (1,202,538)	\$ (4,481,249)

K. 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. Other Post-Employment Benefits Plan

A. Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The ETF and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

11. Other Post-Employment Benefits Plan (Continued)

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

D. Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2018, are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

Life Insurance Employee Contribution Rates For the year ended December 31, 2017	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$1,881 in contributions from the employer.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

11. Other Post-Employment Benefits Plan (Continued)

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2018, the LRLIF Employer reported a liability (asset) of \$298,045 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. 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 OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.09906500%, which was an increase of 0.001831% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized OPEB expense of \$32,128.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,199
Changes of assumptions	28,801	-
Net differences between projected and actual earnings on OPEB plan investments	3,432	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,856	-
Employer contributions subsequent to the measurement date	1,773	-
Totals	\$ 37,862	\$ 4,199

\$1,773 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Outflows (Inflows) of Resources
Year ended December 31:	
2019	\$ 5,215
2020	5,215
2021	5,215
2022	5,215
2023	4,357
Thereafter	6,673
Total	\$ 31,890

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

11. Other Post-Employment Benefits Plan (Continued)

F. Actuarial Assumptions

The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

G. Long-Term Expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2017

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

11. Other Post-Employment Benefits Plan (Continued)

H. Single Discount Rate

A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient.

I. Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
City’s proportionate share of the net OPEB liability (asset)	\$421,251	\$298,045	\$203,497

J. OPEB Plan Fiduciary Net Position

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

12. 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.

13. Joint Venture – Whitewater Fire Department

The City and the Whitewater Volunteer Fire Department (the “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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

13. Joint Venture – Whitewater Fire Department (Continued)

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.

14. Aquatic Center Lease and Operating Agreement

The City and the Whitewater Unified School District (the “District”) have a lease and operating agreement for the Aquatic Center (the “Center”). The Center is owned by the District and leased by the City for \$1 annually. The agreement provides for the operation of the Center 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 Center and create an operating entity to manage the Center.

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

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

As of December 31, 2018, the aquatic center fund had a deficit of \$249,242.

15. 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	\$ 1,097,029	\$ 976,212	Custodial Credit Risk, Interest Rate risk

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

15. Component Unit (Continued)

B. Deposits and Investments (Continued)

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

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

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the CDA’s deposits may not be returned to the CDA. As of December 31, 2018, \$34,560 of the CDA’s total bank balance of \$1,028,279 was exposed to custodial credit.

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 \$1,291,948

D. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
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	(6,380)	(113)	-	(6,493)	
Buildings	(852,319)	(121,760)	-	(974,079)	
Totals	<u>\$ 5,511,457</u>	<u>\$ (121,873)</u>	<u>\$ -</u>	<u>\$ 5,389,584</u>	

E. Employee Retirement System

All eligible authority employees participate in the WRS, 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.

CITY OF WHITEWATER
Notes to the Financial Statements
December 31, 2018

15. Component Unit (Continued)

F. Transfers In

The CDA recorded net transfers recorded from the City of \$87,292.

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.

16. Economic Dependency

One of the City's Water Utility customers provides approximately 21.3% of the water revenue.

17. Subsequent Events

The City has construction projects budgeted for \$3.55 million in 2019. Approximately \$2.10 million is already contracted for to date. Additionally, the City is in the process of securing financing for these projects.

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>GAAP</u> <u>Differences</u>	<u>Amounts,</u> <u>GAAP Basis</u>
REVENUES					
Taxes	\$ 3,580,800	\$ 3,580,800	\$ 2,972,015	\$ -	\$ 2,972,015
Special Assessment Revenue	4,100	4,100	1,069	-	1,069
Intergovernmental	4,548,923	4,609,644	4,605,715	31,678	4,637,393
License and Permits	105,100	105,100	151,520	-	151,520
Fines, Forfeits and Penalties	400,000	400,000	398,149	-	398,149
Public Charges for Services	73,400	73,400	85,301	306	85,607
Interest Income	30,000	30,000	131,422	6,171	137,593
Miscellaneous Income	53,800	53,800	102,834	26,061	128,895
Total Revenues	<u>8,796,123</u>	<u>8,856,844</u>	<u>8,448,025</u>	<u>64,216</u>	<u>8,512,241</u>
EXPENDITURES					
Current:					
General Government	1,591,071	1,591,071	1,512,972	108,315	1,621,287
Public Safety	3,876,755	3,937,476	3,829,493	98,819	3,928,312
Public Works	929,854	929,854	1,112,378	413,993	1,526,371
Culture, Recreation and Education	774,128	774,128	627,557	10,000	637,557
Capital Outlay	-	-	-	89,960	89,960
Total Expenditures	<u>7,171,808</u>	<u>7,232,529</u>	<u>7,082,400</u>	<u>721,087</u>	<u>7,803,487</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,624,315</u>	<u>1,624,315</u>	<u>1,365,625</u>	<u>(656,871)</u>	<u>708,754</u>
OTHER FINANCING SOURCES (USES)					
Transfers from CDA	-	-	12,708	-	12,708
Transfers In	447,860	447,860	443,415	21,500	464,915
Transfers Out	(2,060,347)	(2,060,347)	(1,456,230)	677,446	(778,784)
Total Other Financing Sources and Uses	<u>(1,612,487)</u>	<u>(1,612,487)</u>	<u>(1,000,107)</u>	<u>698,946</u>	<u>(301,161)</u>
Net Change in Fund Balances	11,828	11,828	365,518	42,075	407,593
Fund Balances - Beginning	<u>1,678,297</u>	<u>1,678,297</u>	<u>1,678,297</u>	<u>709,977</u>	<u>2,388,274</u>
Fund Balances - Ending	<u>\$ 1,690,125</u>	<u>\$ 1,690,125</u>	<u>\$ 2,043,815</u>	<u>\$ 752,052</u>	<u>\$ 2,795,867</u>

See accompanying notes to the required supplementary information

**CITY OF WHITEWATER
WISCONSIN RETIREMENT SYSTEM
December 31, 2018**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE**

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)
2017	-0.04050154%	\$ (1,202,538)	\$ 5,085,067	(23.65%)	102.93%
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**

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
2018	\$ 439,247	\$ (439,247)	\$ -	\$ 5,370,807	8.18%
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%

See accompanying notes to the required supplementary information

**CITY OF WHITEWATER
LOCAL RETIREE LIFE INSURANCE SCHEDULES
December 31, 2018**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE**

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2017	0.09906500%	\$ 298,045	\$ 4,165,967	7.15%	44.81%

**SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED**

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
2018	\$ 1,773	\$ (1,773)	-	\$ 4,506,539	0.04%

See accompanying notes to the required supplementary information

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2018

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:

Public Works \$182,524

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 6 preceding years.

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

Changes of assumptions: There were no changes of assumptions.

3. Local Retiree Life Insurance Fund Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 9 preceding years.

Changes of benefit terms: There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions: There were no changes of assumptions.

OTHER SUPPLEMENTAL INFORMATION

City of Whitewater
Whitewater, WI
Balance Sheet
Combining General Fund
December 31, 2018

	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
ASSETS														
Cash and Cash Equivalents	\$ 2,174,676	\$ 15,757	\$ 121,190	\$ 99,658	\$ (56,169)	\$ 10,349	\$ 7,433	\$ 95,525	\$ (45,813)	\$ 475	\$ 499,793	\$ 41,975	\$ 13,468	\$ 2,978,317
Receivables:														
Taxes	3,831,303	-	-	-	-	-	-	-	-	-	-	-	-	3,831,303
Delinquent Personal Property Taxes	2,733	-	-	-	-	-	-	-	-	-	-	-	-	2,733
Special Assessments	7,919	-	-	-	-	-	-	-	-	-	-	-	-	7,919
Other	72,939	-	15,000	-	-	-	-	-	-	-	-	-	-	87,939
Due from Other Funds	127,025	-	-	-	-	-	-	-	-	-	-	-	-	127,025
Prepaid Expenses	87,042	-	-	-	-	-	-	-	-	-	-	-	-	87,042
Advances receivable	268,200	-	-	-	-	-	-	-	-	-	-	-	-	268,200
Total Assets	<u>\$ 6,571,837</u>	<u>\$ 15,757</u>	<u>\$ 136,190</u>	<u>\$ 99,658</u>	<u>\$ (56,169)</u>	<u>\$ 10,349</u>	<u>\$ 7,433</u>	<u>\$ 95,525</u>	<u>\$ (45,813)</u>	<u>\$ 475</u>	<u>\$ 499,793</u>	<u>\$ 41,975</u>	<u>\$ 13,468</u>	<u>\$ 7,390,478</u>
LIABILITIES														
Liabilities:														
Accounts Payable	\$ 202,007	\$ -	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ 66,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,236
Accrued Liabilities	360,996	-	-	-	-	-	-	-	-	-	-	-	360	361,356
Payable to Other Governments	103,676	-	-	-	-	-	-	-	-	-	-	-	-	103,676
Total Liabilities	<u>666,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>66,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360</u>	<u>733,268</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,861,343</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>3,861,343</u>
FUND BALANCE														
Nonspendable	357,975	-	-	-	-	-	-	-	-	-	-	-	-	357,975
Assigned	-	-	136,190	99,658	-	10,349	7,433	29,371	-	475	499,793	41,975	13,108	838,352
Unassigned	1,685,840	15,757	-	-	(56,244)	-	-	-	(45,813)	-	-	-	-	1,599,540
Total Fund Balance (Deficit)	<u>2,043,815</u>	<u>15,757</u>	<u>136,190</u>	<u>99,658</u>	<u>(56,244)</u>	<u>10,349</u>	<u>7,433</u>	<u>29,371</u>	<u>(45,813)</u>	<u>475</u>	<u>499,793</u>	<u>41,975</u>	<u>13,108</u>	<u>2,795,867</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 6,571,837</u>	<u>\$ 15,757</u>	<u>\$ 136,190</u>	<u>\$ 99,658</u>	<u>\$ (56,169)</u>	<u>\$ 10,349</u>	<u>\$ 7,433</u>	<u>\$ 95,525</u>	<u>\$ (45,813)</u>	<u>\$ 475</u>	<u>\$ 499,793</u>	<u>\$ 41,975</u>	<u>\$ 13,468</u>	<u>\$ 7,390,478</u>

City of Whitewater
Whitewater, WI

Statement of Revenues, Expenditures and Changes in Fund Balance
Combining General Fund
For the Year Ended December 31, 2018

	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
REVENUES														
Property Taxes	\$ 2,972,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,972,015
Special Assessment Revenue	1,069	-	-	-	-	-	-	-	-	-	-	-	-	1,069
Intergovernmental	4,605,715	-	-	-	-	-	-	31,678	-	-	-	-	-	4,637,393
License and Permits	151,520	-	-	-	-	-	-	-	-	-	-	-	-	151,520
Fines, Forfeits and Penalties	398,149	-	-	-	-	-	-	-	-	-	-	-	-	398,149
Public Charges for Services	85,301	-	-	-	-	-	-	306	-	-	-	-	-	85,607
Interest Income	131,422	11	897	1,129	-	-	-	-	419	-	3,715	-	-	137,593
Miscellaneous Income	102,834	-	21,465	-	374	-	4,222	-	-	-	-	-	-	128,895
Total Revenues	8,448,025	11	22,362	1,129	374	-	4,222	31,984	419	-	3,715	-	-	8,512,241
EXPENDITURES														
Current:														
General Government	1,512,972	-	-	-	-	-	-	-	74,386	-	-	-	33,929	1,621,287
Public Safety	3,829,493	-	-	-	98,819	-	-	-	-	-	-	-	-	3,928,312
Public Works	1,112,378	-	-	-	-	-	-	395,842	-	-	18,151	-	-	1,526,371
Culture, Recreation and Education	627,557	-	-	-	-	-	-	-	-	-	-	10,000	-	637,557
Capital Outlay	-	-	-	71,922	-	18,038	-	-	-	-	-	-	-	89,960
Total Expenditures	7,082,400	-	-	71,922	98,819	18,038	-	395,842	74,386	-	18,151	10,000	33,929	7,803,487
Excess (Deficiency) of Revenues Over Expenditures	1,365,625	11	22,362	(70,793)	(98,445)	(18,038)	4,222	(363,858)	(73,967)	-	(14,436)	(10,000)	(33,929)	708,754
OTHER FINANCING SOURCES (USES)														
Transfer from CDA	12,708	-	-	-	-	-	-	-	-	-	-	-	-	12,708
Transfers In	443,415	-	-	21,500	-	-	-	-	-	-	-	-	-	464,915
Transfers Out	(1,456,230)	15,000	-	85,000	45,043	1,816	-	363,326	34,193	-	75,000	25,000	33,068	(778,784)
Total Other Financing Sources and Uses	(1,000,107)	15,000	-	106,500	45,043	1,816	-	363,326	34,193	-	75,000	25,000	33,068	(301,161)
Net Change in Fund Balances	365,518	15,011	22,362	35,707	(53,402)	(16,222)	4,222	(532)	(39,774)	-	60,564	15,000	(861)	407,593
Fund Balances (Deficit) - Beginning	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
Fund Balances (Deficit) - Ending	\$ 2,043,815	15,757	\$ 136,190	\$ 99,658	\$ (56,244)	\$ 10,349	\$ 7,433	\$ 29,371	\$ (45,813)	\$ 475	\$ 499,793	\$ 41,975	\$ 13,108	\$ 2,795,867

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Non-Major Governmental Funds
December 31, 2018**

	<u>Non-Major Special Revenue Funds</u>	<u>Non-Major Capital Projects Funds</u>	<u>Non-Major Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,244,398	\$ 101,778	\$ 1,346,176
Receivables:			
Taxes	-	77,890	77,890
Due from Other Funds	-	144	144
Due from Other Governments	142,755	-	142,755
Total Assets	<u>\$ 1,387,153</u>	<u>\$ 179,812</u>	<u>\$ 1,566,965</u>
LIABILITIES			
Accounts Payable	\$ 80,620	\$ -	\$ 80,620
Accrued Liabilities	27,183	-	27,183
Due to Other Funds	30,415	16,584	46,999
Advances Payable	250,000	18,200	268,200
Total Liabilities	<u>388,218</u>	<u>34,784</u>	<u>423,002</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	<u>101,228</u>	<u>77,890</u>	<u>179,118</u>
FUND BALANCE (DEFICIT)			
Restricted	1,146,949	86,892	1,233,841
Unassigned (Deficit)	(249,242)	(19,754)	(268,996)
Total Fund Balance	<u>897,707</u>	<u>67,138</u>	<u>964,845</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,387,153</u>	<u>\$ 179,812</u>	<u>\$ 1,566,965</u>

**City of Whitewater
Whitewater, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2018**

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Governmental Funds
REVENUES			
Property Taxes	\$ -	\$ 84,133	\$ 84,133
Intergovernmental	487,695	3,125	490,820
Fines, Forfeits and Penalties	8,189	-	8,189
Public Charges for Services	911,617	-	911,617
Intergovernmental Charges for Services	20	-	20
Interest Income	6,474	408	6,882
Miscellaneous Income	65,675	-	65,675
Total Revenues	<u>1,479,670</u>	<u>87,666</u>	<u>1,567,336</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	42,208	-	42,208
Public Works	149,932	-	149,932
Culture, Recreation and Education	1,938,792	-	1,938,792
Conservation and Development	5,683	750	6,433
Capital Outlay	43,686	-	43,686
Total Expenditures	<u>2,180,301</u>	<u>750</u>	<u>2,181,051</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(700,631)</u>	<u>86,916</u>	<u>(613,715)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	648,182	-	648,182
Transfers Out	(40,000)	(26,588)	(66,588)
Transfers Out to CDA	-	(25,000)	(25,000)
Total Other Financing Sources and Uses	<u>608,182</u>	<u>(51,588)</u>	<u>556,594</u>
Net Change in Fund Balances	(92,449)	35,328	(57,121)
Fund Balances - Beginning	990,156	31,810	1,021,966
Fund Balances - Ending	<u>\$ 897,707</u>	<u>\$ 67,138</u>	<u>\$ 964,845</u>

City of Whitewater
Whitewater, WI

Non-Major Special Revenue Funds
Combining Balance Sheet
December 31, 2018

	Cable TV Fund	Library Special Revenue Fund	Taxicab Grant Program Fund	Parkland Acquisition Fund	Parkland Development Fund	Forestry Fund	Rescue Squad Equipment/ Educ. Fund
ASSETS							
Cash and Cash Equivalents	\$ 27,011	\$ 691,061	\$ 90,359	\$ 48,689	\$ 45,533	\$ 12,192	\$ 154,516
Due from Other Governments	-	-	11,855	-	-	-	-
Total Assets	<u>\$ 27,011</u>	<u>\$ 691,061</u>	<u>\$ 102,214</u>	<u>\$ 48,689</u>	<u>\$ 45,533</u>	<u>\$ 12,192</u>	<u>\$ 154,516</u>
LIABILITIES							
Liabilities:							
Accounts Payable	\$ 412	\$ 14,026	\$ 12,170	\$ -	\$ 23,613	\$ -	\$ 510
Accrued Liabilities	1,978	14,837	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	310
Advances Payable	-	-	-	-	-	-	-
Total Liabilities	<u>2,390</u>	<u>28,863</u>	<u>12,170</u>	<u>-</u>	<u>23,613</u>	<u>-</u>	<u>820</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows	-	-	17,102	-	-	-	-
FUND BALANCE							
Restricted	24,621	662,198	72,942	48,689	21,920	12,192	153,696
Total Fund Balance	<u>24,621</u>	<u>662,198</u>	<u>72,942</u>	<u>48,689</u>	<u>21,920</u>	<u>12,192</u>	<u>153,696</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 27,011</u>	<u>\$ 691,061</u>	<u>\$ 102,214</u>	<u>\$ 48,689</u>	<u>\$ 45,533</u>	<u>\$ 12,192</u>	<u>\$ 154,516</u>

**City of Whitewater
Whitewater, WI**

**Non-Major Special Revenue Funds
Combining Balance Sheet
December 31, 2018**

	<u>Parking Permit Fund</u>	<u>Police Dept. Trust Fund</u>	<u>Parks and Recreation Fund</u>	<u>Field of Dreams Fund</u>	<u>Aquatic Center Fund</u>	<u>Non-Major Special Revenue Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 32,088	\$ 56,854	\$ 14,803	\$ 71,292	\$ -	\$ 1,244,398
Receivables:						
Due from Other Governments	-	-	-	-	130,900	142,755
Total Assets	<u>\$ 32,088</u>	<u>\$ 56,854</u>	<u>\$ 14,803</u>	<u>\$ 71,292</u>	<u>\$ 130,900</u>	<u>\$ 1,387,153</u>
LIABILITIES						
Liabilities:						
Accounts Payable	\$ 325	\$ -	\$ 1,387	\$ 1,896	\$ 26,281	\$ 80,620
Accrued Liabilities	-	-	302	-	10,066	27,183
Due to Other Funds	-	310	-	-	29,795	30,415
Advances Payable	-	-	-	-	250,000	250,000
Total Liabilities	<u>325</u>	<u>310</u>	<u>1,689</u>	<u>1,896</u>	<u>316,142</u>	<u>388,218</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	-	-	-	20,126	64,000	101,228
FUND BALANCE (DEFICIT)						
Restricted	31,763	56,544	13,114	49,270	-	1,146,949
Unassigned (Deficit)	-	-	-	-	(249,242)	(249,242)
Total Fund Balance (Deficit)	<u>31,763</u>	<u>56,544</u>	<u>13,114</u>	<u>49,270</u>	<u>(249,242)</u>	<u>897,707</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 32,088</u>	<u>\$ 56,854</u>	<u>\$ 14,803</u>	<u>\$ 71,292</u>	<u>\$ 130,900</u>	<u>\$ 1,387,153</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, 2018**

	<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>
REVENUES							
Intergovernmental	\$ -	\$ 230,359	\$ 129,336	\$ -	\$ -	\$ -	\$ -
Fines, Forfeits and Penalties	-	8,189	-	-	-	-	-
Public Charges for Services	64,843	6,546	-	-	1,258	600	-
Interest Income	767	1,633	-	-	-	21	2,131
Miscellaneous Income	409	33,116	-	2,259	2,576	-	-
Total Revenues	<u>66,019</u>	<u>279,843</u>	<u>129,336</u>	<u>2,259</u>	<u>3,834</u>	<u>621</u>	<u>2,151</u>
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	-	13,926
Public Works	-	-	149,932	-	-	-	-
Culture, Recreation and Education	106,175	757,671	-	198	-	-	-
Conservation and Development	-	-	-	-	-	5,683	-
Capital Outlay	-	4,893	-	-	38,793	-	-
Total Expenditures	<u>106,175</u>	<u>762,564</u>	<u>149,932</u>	<u>198</u>	<u>38,793</u>	<u>5,683</u>	<u>13,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(40,156)</u>	<u>(482,721)</u>	<u>(20,596)</u>	<u>2,061</u>	<u>(34,959)</u>	<u>(5,062)</u>	<u>(11,775)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	-	484,182	30,000	-	-	6,000	-
Total Other Financing Sources and Uses	<u>-</u>	<u>484,182</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Net Change in Fund Balances	(40,156)	1,461	9,404	2,061	(34,959)	938	(11,775)
Fund Balances - Beginning	64,777	660,737	63,538	46,628	56,879	11,254	165,471
Fund Balances - Ending	<u>\$ 24,621</u>	<u>\$ 662,198</u>	<u>\$ 72,942</u>	<u>\$ 48,689</u>	<u>\$ 21,920</u>	<u>\$ 12,192</u>	<u>\$ 153,696</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, 2018**

	<u>Parking Permit Fund</u>	<u>Police Dept. Trust Fund</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>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 128,000	\$ 487,695
Fines, Forfeits and Penalties	-	-	-	-	-	8,189
Public Charges for Services	37,596	-	183,612	97,057	520,105	911,617
Intergovernmental Charges for Services	-	-	-	-	-	20
Interest Income	723	27	-	-	1,172	6,474
Miscellaneous Income	-	24,979	764	-	1,572	65,675
Total Revenues	<u>38,319</u>	<u>25,006</u>	<u>184,376</u>	<u>97,057</u>	<u>650,849</u>	<u>1,479,670</u>
EXPENDITURES						
Current:						
Public Safety	4,609	23,673	-	-	-	42,208
Public Works	-	-	-	-	-	149,932
Culture, Recreation and Education	-	-	135,046	70,194	869,508	1,938,792
Conservation and Development	-	-	-	-	-	5,683
Capital Outlay	-	-	-	-	-	43,686
Total Expenditures	<u>4,609</u>	<u>23,673</u>	<u>135,046</u>	<u>70,194</u>	<u>869,508</u>	<u>2,180,301</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>33,710</u>	<u>1,333</u>	<u>49,330</u>	<u>26,863</u>	<u>(218,659)</u>	<u>(700,631)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	128,000	648,182
Transfers Out	(2,000)	-	(38,000)	-	-	(40,000)
Total Other Financing Sources and Uses	<u>(2,000)</u>	<u>-</u>	<u>(38,000)</u>	<u>-</u>	<u>128,000</u>	<u>608,182</u>
Net Change in Fund Balances	31,710	1,333	11,330	26,863	(90,659)	(92,449)
Fund Balances - Beginning	53	55,211	1,784	22,407	(158,583)	990,156
Fund Balances (Deficit) - Ending	<u>\$ 31,763</u>	<u>\$ 56,544</u>	<u>\$ 13,114</u>	<u>\$ 49,270</u>	<u>\$ (249,242)</u>	<u>\$ 897,707</u>

**City of Whitewater
Whitewater, WI**

**Non-Major Capital Project Funds
Combining Balance Sheet
December 31, 2018**

	<u>TID #5</u>	<u>TID #6</u>	<u>TID #7</u>	<u>TID #8</u>	<u>TID #9</u>	Non-Major Capital Project Funds
ASSETS						
Cash and Cash Equivalents	\$ 14,948	\$ 63,665	\$ 82	\$ 20,148	\$ 2,935	\$ 101,778
Receivables:						
Taxes	10,139	66,651	-	549	551	77,890
Due from Other Funds	-	-	-	144	-	144
Total Assets	<u>\$ 25,087</u>	<u>\$ 130,316</u>	<u>\$ 82</u>	<u>\$ 20,841</u>	<u>\$ 3,486</u>	<u>\$ 179,812</u>
LIABILITIES						
Due to Other Funds	\$ 16,440	\$ -	\$ 144	\$ -	\$ -	\$ 16,584
Advances Payable	<u>17,000</u>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>18,200</u>
Total Liabilities	<u>33,440</u>	<u>-</u>	<u>1,344</u>	<u>-</u>	<u>-</u>	<u>34,784</u>
DEFERRED INFLOWS OF RESOURCES						
2018 Tax Apportionment	<u>10,139</u>	<u>66,651</u>	<u>-</u>	<u>549</u>	<u>551</u>	<u>77,890</u>
FUND BALANCE (DEFICIT)						
Restricted	-	63,665	-	20,292	2,935	86,892
Unassigned (Deficit)	<u>(18,492)</u>	<u>-</u>	<u>(1,262)</u>	<u>-</u>	<u>-</u>	<u>(19,754)</u>
Total Fund Balance (Deficit)	<u>(18,492)</u>	<u>63,665</u>	<u>(1,262)</u>	<u>20,292</u>	<u>2,935</u>	<u>67,138</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 25,087</u>	<u>\$ 130,316</u>	<u>\$ 82</u>	<u>\$ 20,841</u>	<u>\$ 3,486</u>	<u>\$ 179,812</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, 2018**

	<u>TID #5</u>	<u>TID #6</u>	<u>TID #7</u>	<u>TID #8</u>	<u>TID #9</u>	<u>Non-Major Capital Projects Funds</u>
REVENUES						
Property Taxes	\$ 11,911	\$ 70,917	\$ -	\$ 743	\$ 562	\$ 84,133
Intergovernmental	-	3,125	-	-	-	3,125
Interest Income	-	100	-	308	-	408
Total Revenues	<u>11,911</u>	<u>74,142</u>	<u>-</u>	<u>1,051</u>	<u>562</u>	<u>87,666</u>
EXPENDITURES						
Current:						
Conservation and Development	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>750</u>
Total Expenditures	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>750</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,761</u>	<u>73,992</u>	<u>(150)</u>	<u>901</u>	<u>412</u>	<u>86,916</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	(26,588)	-	-	-	(26,588)
Transfers Out to CDA	-	(25,000)	-	-	-	(25,000)
Total Other Financing Sources and Uses	<u>-</u>	<u>(51,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,588)</u>
Net Change in Fund Balances	11,761	22,404	(150)	901	412	35,328
Fund Balances (Deficit) - Beginning	(30,253)	41,261	(1,112)	19,391	2,523	31,810
Fund Balances (Deficit) - Ending	<u>\$ (18,492)</u>	<u>\$ 63,665</u>	<u>\$ (1,262)</u>	<u>\$ 20,292</u>	<u>\$ 2,935</u>	<u>\$ 67,138</u>

**City of Whitewater
Whitewater, WI
Combining Statement of Net Position - Component Unit
December 31, 2018**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 24,886	\$ 1,001,235	\$ 70,908	\$ 1,097,029
Receivables				
Other	-	31,620	-	31,620
Prepaid expenses	1,745	-	-	1,745
Total Current Assets	<u>26,631</u>	<u>1,032,855</u>	<u>70,908</u>	<u>1,130,394</u>
Noncurrent Assets:				
Restricted Assets				
Net Pension Asset	12,396	-	-	12,396
Loans Receivable	-	1,291,948	-	1,291,948
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	497	5,113,915	-	5,114,412
Total Capital Assets	<u>497</u>	<u>5,389,087</u>	<u>-</u>	<u>5,389,584</u>
Total Noncurrent Assets	<u>12,893</u>	<u>7,431,035</u>	<u>-</u>	<u>7,443,928</u>
Total Assets	<u>39,524</u>	<u>8,463,890</u>	<u>70,908</u>	<u>8,574,322</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	22,909	-	-	22,909
Total Deferred Outflows of Resources	<u>22,909</u>	<u>-</u>	<u>-</u>	<u>22,909</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 62,433</u>	<u>\$ 8,463,890</u>	<u>\$ 70,908</u>	<u>\$ 8,597,231</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 6,913	\$ -	\$ 8,141	\$ 15,054
Total Current Liabilities	<u>6,913</u>	<u>-</u>	<u>8,141</u>	<u>15,054</u>
Total Liabilities	<u>6,913</u>	<u>-</u>	<u>8,141</u>	<u>15,054</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	24,464	-	-	24,464
Total Deferred Outflows of Resources	<u>24,464</u>	<u>-</u>	<u>-</u>	<u>24,464</u>
NET POSITION				
Net Investment in Capital Assets	497	5,389,087	-	5,389,584
Restricted	-	3,074,803	-	3,074,803
Unrestricted	30,559	-	62,767	93,326
Total Net Position	<u>31,056</u>	<u>8,463,890</u>	<u>62,767</u>	<u>8,557,713</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 62,433</u>	<u>\$ 8,463,890</u>	<u>\$ 70,908</u>	<u>\$ 8,597,231</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Revenues, Expenses and Changes in
Net Position - Component Unit
For the Year Ended December 31, 2018**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Operating Revenues	\$ -	\$ 31,620	\$ 153,727	\$ 185,347
Operating Expenses				
Operating Expenses	157,695	225,971	230,486	614,152
Depreciation	113	121,760	-	121,873
Total Operating Expenses	<u>157,808</u>	<u>347,731</u>	<u>230,486</u>	<u>736,025</u>
Operating Income (Loss)	<u>(157,808)</u>	<u>(316,111)</u>	<u>(76,759)</u>	<u>(550,678)</u>
Non-Operating Revenues (Expenses)				
Investment Income	333	34,979	-	35,312
Miscellaneous	-	39,444	96,689	136,133
Intergovernmental and Other	-	600	-	600
Total Non Operating Revenues	<u>333</u>	<u>75,023</u>	<u>96,689</u>	<u>172,045</u>
Transfer In from City	181,992	73,140	-	255,132
Transfer Out to City	(167,840)	-	-	(167,840)
CDA Loan Reserve	-	(572,869)	-	(572,869)
Change in Net Position	(143,323)	(740,817)	19,930	(864,210)
Total Net Position - Beginning	<u>174,379</u>	<u>9,204,707</u>	<u>42,837</u>	<u>9,421,923</u>
Total Net Position - Ending	<u>\$ 31,056</u>	<u>\$ 8,463,890</u>	<u>\$ 62,767</u>	<u>\$ 8,557,713</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit
For the Year Ended December 31, 2018**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Cash Flows From Operating Activities				
Received from customers	\$ -	\$ -	\$ 153,727	\$ 153,727
Loans repaid	-	255,306	-	255,306
Other charges	-	600	-	600
Paid to suppliers for goods and services	(61,869)	(188,306)	(135,442)	(385,617)
Payments to employees for services	(100,442)	-	-	(100,442)
Net cash flows from operating activities	<u>(162,311)</u>	<u>67,600</u>	<u>18,285</u>	<u>(76,426)</u>
Cash Flows From Investing Activities				
Maturity of long-term investments	-	25,284	-	25,284
Investment income	333	34,979	-	35,312
Net cash flows from investing activities	<u>333</u>	<u>60,263</u>	<u>-</u>	<u>60,596</u>
Cash Flows From Non-Capital Financing Activities				
Transfers in from City	181,992	73,140	-	255,132
Transfers out to City	(167,840)	-	-	(167,840)
Net cash flow from noncapital financing activities	<u>14,152</u>	<u>73,140</u>	<u>-</u>	<u>87,292</u>
Net increase (decrease) in cash and cash equivalents	(147,826)	201,003	18,285	71,462
Cash And Cash Equivalents - Beginning Of Year	<u>172,712</u>	<u>800,232</u>	<u>52,623</u>	<u>1,025,567</u>
Cash And Cash Equivalents - End Of Year	<u>\$ 24,886</u>	<u>\$ 1,001,235</u>	<u>\$ 70,908</u>	<u>\$1,097,029</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Cash Flows - Component Unit
For the Year Ended December 31, 2018**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Reconciliation Of Operating Income (Loss) To Net				
Cash Flows From Operating Activities				
Operating income (loss)	\$ (157,808)	\$ (316,111)	\$ (76,759)	\$ (550,678)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Miscellaneous	-	40,044	96,689	136,733
Noncash items included in income (loss)				
Depreciation	113	121,760	-	121,873
Pension expense	(3,070)	-	-	(3,070)
CDA loan reserve	-	(572,869)	-	(572,869)
Change in Assets and Liabilities				
Other receivables	-	(31,620)	190	(31,430)
Prepaid expenses	(1,745)	-	-	(1,745)
Loans receivable	-	828,175	-	828,175
Accounts payable and accrued expenses	199	(1,779)	(1,835)	(3,415)
Net Cash Flows From Operating Activities	<u>\$ (162,311)</u>	<u>\$ 67,600</u>	<u>\$ 18,285</u>	<u>\$ (76,426)</u>

City of Whitewater

**Schedule of Long-Term Debt Principal Payments - Governmental Activities
December 31, 2018**

Year	Totals	2010 Taxable	2010	2010 Taxable	2012	2014	2017	2018
		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 Bonds
2019	\$ 1,425,981	\$ 185,000	\$ 690,000	\$ 95,000	\$ 260,000	\$ 140,000	\$ 55,981	\$ -
2020	1,522,366	190,000	710,000	95,000	265,000	140,000	57,366	65,000
2021	953,784	195,000	-	220,000	270,000	145,000	58,784	65,000
2022	975,238	205,000	-	225,000	275,000	150,000	60,238	60,000
2023	995,000	210,000	-	235,000	280,000	150,000	-	120,000
2024	1,015,000	220,000	-	240,000	290,000	155,000	-	110,000
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	940,000	255,000	-	-	315,000	160,000	-	210,000
2029	960,000	265,000	-	-	325,000	160,000	-	210,000
2030	545,000	-	-	-	335,000	-	-	210,000
2031	555,000	-	-	-	345,000	-	-	210,000
2032	210,000	-	-	-	-	-	-	210,000
2033	215,000	-	-	-	-	-	-	215,000
2034	215,000	-	-	-	-	-	-	215,000
2035	210,000	-	-	-	-	-	-	210,000
2036	215,000	-	-	-	-	-	-	215,000
2037	210,000	-	-	-	-	-	-	210,000
Totals	\$ 14,387,370	\$ 2,435,000	\$ 1,400,000	\$ 1,655,000	\$ 3,860,000	\$2,270,000	\$ 232,370	\$2,535,000

City of Whitewater

**Schedule of Long-Term Debt Interest Payments - Governmental Activities
December 31, 2018**

Year	Totals	2010 Taxable	2010	2010 Taxable	2012	2014	2017	2018
		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 Bonds
2019	\$ 488,529	\$ 132,630	\$ 40,275	\$ 71,250	\$ 98,050	\$ 53,840	\$ 5,746	\$ 86,738
2020	448,800	124,028	21,300	67,783	92,850	51,740	4,362	86,738
2021	403,578	114,812	-	64,125	87,550	49,360	2,943	84,788
2022	372,254	105,062	-	55,435	81,475	46,605	1,490	82,188
2023	339,124	94,608	-	46,435	75,288	43,605	-	79,188
2024	302,628	83,582	-	36,565	68,988	40,305	-	73,188
2025	244,796	71,702	-	26,125	42,463	36,818	-	67,688
2026	227,032	58,938	-	14,750	55,678	29,978	-	67,688
2027	189,208	45,542	-	7,500	48,478	20,000	-	67,688
2028	149,233	31,332	-	-	40,853	9,360	-	67,688
2029	114,883	16,032	-	-	32,663	4,800	-	61,388
2030	77,188	-	-	-	22,100	-	-	55,088
2031	59,476	-	-	-	11,213	-	-	48,263
2032	41,438	-	-	-	-	-	-	41,438
2033	34,613	-	-	-	-	-	-	34,613
2034	27,625	-	-	-	-	-	-	27,625
2035	20,638	-	-	-	-	-	-	20,638
2036	13,813	-	-	-	-	-	-	13,813
2037	6,825	-	-	-	-	-	-	6,825
Totals	\$ 3,561,675	\$ 878,268	\$ 61,575	\$ 389,968	\$ 757,649	\$ 386,411	\$ 14,541	\$ 1,073,263