

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 24, 2026

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Bonds shall not be "qualified tax-exempt obligations".

New Issue

Rating Application Made: S&P Global Ratings

CITY OF WHITEWATER, WISCONSIN (Walworth and Jefferson Counties)

\$5,275,000* WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026B

BID OPENING: June 30, 2026, 09:30 A.M., C.T.

CONSIDERATION: Not later than 11:59 P.M., C.T. on June 30, 2026 (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The \$5,275,000* Waterworks and Sewer System Revenue Bonds, Series 2026B (the "Bonds") are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City of Whitewater, Wisconsin (the "City"), to provide funds for the public purpose of paying the cost of additions, improvements and extensions to the City's Waterworks System and Sewer System (collectively, the "Utility System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of Net Revenues (defined herein) of the Utility System. The Bonds are being issued on a parity with the City's outstanding Waterworks and Sewer System Revenue Bonds, Series 2009, dated December 9, 2009 (the "2009 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2011, dated July 27, 2011 (the "2011 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2016, dated April 13, 2016 (the "2016 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2022B, dated June 9, 2022 (the "2022 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2024B, dated July 17, 2024 (the "2024B Bonds"), and Waterworks and Sewer System Revenue Bonds, Series 2024C, dated August 14, 2024 (the "2024C Bonds"). Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: July 22, 2026

MATURITY: May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$80,000	2034	\$230,000	2041	\$310,000
2028	190,000	2035	245,000	2042	325,000
2029	195,000	2036	250,000	2043	340,000
2030	200,000	2037	260,000	2044	365,000
2031	210,000	2038	275,000	2045	380,000
2032	215,000	2039	285,000	2046	400,000
2033	225,000	2040	295,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, up to a \$75,000 increase or decrease per maturity or mandatory redemption amount. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: May 1, 2027 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on May 1, 2035 and thereafter are subject to call for prior optional redemption on May 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$5,209,062.50.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$105,500 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL AND

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. *This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

This Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Bonds. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF WHITEWATER CITY COUNCIL

		<u>Term Expires</u>
Patrick Singer	Council President	April 2027
Neil Hicks	Council Member	April 2027
Gavin Kelleher	Council Member	April 2028
Steven Sahyun	Council Member	April 2027
Brian Schanen	Council Member	April 2028
Michael Smith	Council Member	April 2027
Orin Smith	Council Member	April 2028

ADMINISTRATION

John Weidl, City Manager

Rachelle Blich, Director of Finance and Administrative Services/Treasurer

Jeremiah Thomas, Comptroller

Heather Boehm, City Clerk

Steven Chesebro, City Attorney

PROFESSIONAL SERVICES

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other office located in Minneapolis, Minnesota)

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Whitewater, Wisconsin (the "City") and the issuance of its \$5,275,000* Waterworks and Sewer System Revenue Bonds, Series 2026B (the "Bonds"). **The City Council adopted a resolution on May 19, 2026 (the "Parameters Resolution"), which authorizes the City Manager or the Director of Finance and Administrative Services/Treasurer to accept a bid for the Bonds if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on June 30, 2026, neither the City Manager nor the Director of Finance and Administrative Services/Treasurer will have the authority to accept a bid for the Bonds, and all bids will be rejected.**

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of July 22, 2026. The Bonds will mature on May 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Parameters Resolution.

The City has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after May 1, 2035 shall be subject to optional redemption prior to maturity on May 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City, to provide funds for the public purpose of paying the cost of additions, improvements and extensions to the City's Waterworks System and Sewer System (collectively, the "Utility System").

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$5,275,000	
Transfers from Prior Issue Debt Service Reserve Fund	769,686	
Estimated Interest Earnings	<u>35,363</u>	
Total Sources		\$6,080,049

Uses

Estimated Underwriter's Discount	\$65,938	
Costs of Issuance	128,450	
Deposit to Debt Service Reserve Fund	1,168,111	
Deposit to Project Construction Fund	4,715,022	
Rounding Amount	<u>2,528</u>	
Total Uses		\$6,080,049

*Preliminary, subject to change.

SECURITY

This section is a summary of security provisions. A detailed explanation of the security provisions is contained in the form of the Parameters Resolution, which is attached as "APPENDIX E" hereto.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS of the City but are payable only out of "Net Revenues" that are pledged to the Debt Service Fund provided for in the Parameters Resolution (the "Special Redemption Fund"). Net Revenues are defined as all revenues of the Utility System derived from any source less current expenses, excluding depreciation, debt service, tax equivalents, and capital expenditures. In the Parameters Resolution, the City covenants to deposit Net Revenues in the Special Redemption Fund in an amount sufficient to pay principal of and interest on the Prior Bonds (as defined below) and the Bonds and to use the funds in the Special Redemption Fund only for the purpose of paying principal of and interest on the Bonds, the Prior Bonds and any

Parity Bonds. The pledge of Net Revenues to the owners of the Bonds is on a parity with that granted to the owners of the Prior Bonds.

Prior Bonds: The City has outstanding its Waterworks and Sewer System Revenue Bonds, Series 2009, dated December 9, 2009 (the "2009 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2011, dated July 27, 2011 (the "2011 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2016, dated April 13, 2016 (the "2016 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2022B, dated June 9, 2022 (the "2022 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2024B, dated July 17, 2024 (the "2024B Bonds"), and Waterworks and Sewer System Revenue Bonds, Series 2024C, dated August 14, 2024 (the "2024C Bonds") (collectively, the "Prior Bonds"). Other than the Prior Bonds, the City has no other obligations outstanding that are payable from Net Revenues of the Utility System.

Rate Covenant: In the Parameters Resolution, the City covenants to maintain the Utility System in reasonably good condition and operate the Utility System, and to establish, charge and collect such lawfully established rates and charges for the service rendered by the Utility System, so that in each fiscal year Net Revenues shall not be less than 120% of the debt service due on all outstanding bonds payable from the Net Revenues of the Utility System, including the Bonds and the Prior Bonds.

Additional Bonds Test: The City reserves the right to issue additional bonds payable from the Net Revenues of the Utility System on a parity with the outstanding bonds payable from the Net Revenues of the Utility System ("Parity Bonds"), including the Bonds. No bonds or obligations payable from the Net Revenues of the Utility System may be issued in such a manner as to enjoy priority over the Bonds. Before issuing Parity Bonds, the City must meet one of the two following tests with respect to Net Revenues of the Utility System:

(1) The Net Revenues for the last completed fiscal year preceding the issuance of such additional obligations must have been at least equal to 1.20 times the average combined annual interest and principal requirements on all bonds and any Parity Bonds then outstanding payable from the revenues of the Utility System (other than the bonds and any Parity Bonds being refunded), and the obligations so proposed to be issued for any succeeding fiscal year in which there shall be a principal maturity on such outstanding bonds; provided, however, that if prior to the authorization of such additional obligations the City shall have adopted and put into effect a revised schedule of rates, then the Net Revenues of the Utility System for the last completed fiscal year which would, in the written opinion of a registered municipal advisor, consulting engineer or independent certified public accountant employed for that purpose, have resulted from such rates had they been in effect for such period may be used in lieu of the actual Net Revenues for the last completed fiscal year; or

(2) A registered municipal advisor, certified public accountant or consulting professional engineer provides a certificate setting forth for each of the three fiscal years commencing with the fiscal year following that in which the projects financed by such additional obligations are to be completed, the projected Net Revenues and the maximum annual interest and principal requirements on all bonds outstanding payable from the gross revenues of the Utility System and on the obligations then to be issued (the "Maximum Annual Debt Service Requirement"); and demonstrating that for each such fiscal year the projected Net Revenues will be in an amount not less than 120% of such Maximum Annual Debt Service Requirement.

Service to the City: The reasonable cost and value of any service rendered to the City by the Utility System by furnishing waterworks and sewer services for public purposes, shall be charged against the City and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the revenues, and out of the tax levy of the City made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the City in each year shall be in an amount which, together with revenues of the Utility System, will produce Net Revenues equivalent to not less than 1.20 times the annual debt service due on the Bonds, the Prior Bonds and any Parity Bonds. Such compensation for such service rendered to the City shall, in the manner provided hereinabove, be paid into the separate and special funds described in the Parameters Resolution. However, such payment is subject to (a) annual appropriations by the City Council therefor, (b) approval of the Wisconsin Public Service Commission, if necessary and (c) applicable levy

limits, if any; and neither this covenant nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Bond Reserve Account: In the Parameters Resolution, the City covenants and agrees that upon the issuance of the Bonds an amount equal to the "Reserve Requirement" will be on deposit in the Reserve Account and will be maintained therein as additional security for the payment of principal of and interest on the Bonds and the 2022 Bonds. Reserve Requirement is defined as an amount, determined as of the date of issuance of the Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account plus an amount permitted pursuant to Section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on the Bonds and the 2022 Bonds in a bond year; and (c) 125% of average annual debt service on the Bonds and the 2022 Bonds; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the outstanding obligations secured by the Reserve Account in any bond year. **The 2009, 2011, 2016 and 2024C Bonds are not secured by the Reserve Account.**

If Parity Bonds which are to be secured by the Reserve Account are issued, the Reserve Requirement shall mean an amount, determined as of the date of issuance of the Parity Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of such Parity Bonds, plus the amount permitted to be deposited therein from proceeds of the Parity Bonds pursuant to Section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued in any bond year; and (c) 125% of average annual debt service on the outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the Parity Bonds and the outstanding obligations secured by the Reserve Account in any bond year.

UTILITY SYSTEM REVENUE BONDS OUTSTANDING

All outstanding Utility System revenue debt of the City is listed on the following pages. The debt service coverage ratios included on page 6 are calculated using draft audited 2025 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2025, and future Net Revenues may be materially different.

HISTORIC UTILITY SYSTEM DEBT SERVICE COVERAGES

The exhibit on the Page 7 presents the historic debt service coverages of the Utility System.

City of Whitewater, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Waterworks and Sewer Revenues
(As of 07/22/2026)

	Waterworks and Sewer System Revenue Bonds (CWFL) Series 2009		Waterworks and Sewer System Revenue Bonds (CWFL) Series 2011		Waterworks and Sewer System Revenue Bonds (CWFL) Series 2016		Waterworks and Sewer System Revenue Bonds Series 2022B		Waterworks and Sewer System Revenue Bonds Series 2024B	
Dated	12/9/2009		07/27/2011		04/13/2016		06/09/2022		07/17/2024	
Amount	\$2,766,890		\$614,198		\$20,799,553		\$8,190,000		\$1,365,000	
Maturity	05/01		05/01		05/01		05/01		05/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	0	8,072	0	2,263	0	125,270	0	147,259	0	27,950
2027	179,649	13,530	35,944	4,094	1,218,108	237,749	270,000	287,769	55,000	54,525
2028	184,877	8,226	36,807	3,221	1,243,688	211,900	205,000	275,894	55,000	51,775
2029	190,257	2,768	37,690	2,327	1,269,806	185,508	225,000	265,144	60,000	48,900
2030			38,595	1,412	1,296,471	158,563	295,000	252,144	60,000	45,900
2031			39,521	474	1,323,697	131,051	325,000	236,644	65,000	42,775
2032					1,351,495	102,961	365,000	219,394	65,000	39,525
2033					1,379,876	74,282	395,000	202,369	70,000	36,150
2034					1,408,854	45,000	425,000	185,969	70,000	33,000
2035					1,438,440	15,104	440,000	168,669	65,000	30,300
2036							480,000	150,269	70,000	27,600
2037							510,000	130,469	70,000	24,800
2038							535,000	109,569	75,000	21,900
2039							560,000	87,319	75,000	18,900
2040							585,000	63,703	80,000	15,800
2041							600,000	38,888	85,000	12,500
2042							615,000	13,069	85,000	9,100
2043									90,000	5,600
2044									95,000	1,900
2045										
2046										
	554,784	32,597	188,557	13,791	11,930,435	1,287,387	6,830,000	2,834,538	1,290,000	548,900

--Continued on next page

City of Whitewater, Wisconsin
 Schedule of Bonded Indebtedness continued
 Revenue Debt Secured by Waterworks and Sewer Revenues
 (As of 07/22/2026)

	Waterworks and Sewer System Revenue Bonds (CWFL) ¹ Series 2024C		Waterworks and Sewer System Revenue Bonds Series 2026B									2025 DRAFT Audited Net Revenue Available for Debt Service**
Dated	08/14/2024		07/22/2026									\$4,203,823
Amount	\$4,269,225		\$5,275,000*									
Maturity	05/01		05/01									
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	Coverage	
2026	0	23,591	0	0	0	334,405	334,405	28,063,807	.00%	2026	0	
2027	90,199	46,116	80,000	287,771	1,928,900	931,554	2,860,454	26,134,907	6.87%	2027	1.47	
2028	92,332	43,957	190,000	217,428	2,007,704	812,401	2,820,106	24,127,203	14.03%	2028	1.49	
2029	94,516	41,748	195,000	210,902	2,072,269	757,297	2,829,566	22,054,934	21.41%	2029	1.49	
2030	96,751	39,486	200,000	204,167	1,986,817	701,671	2,688,488	20,068,117	28.49%	2030	1.56	
2031	99,039	37,171	210,000	197,051	2,062,258	645,166	2,707,423	18,005,860	35.84%	2031	1.55	
2032	101,381	34,801	215,000	189,517	2,097,876	586,198	2,684,075	15,907,983	43.31%	2032	1.57	
2033	103,779	32,375	225,000	181,529	2,173,655	526,704	2,700,360	13,734,328	51.06%	2033	1.56	
2034	106,233	29,892	230,000	173,088	2,240,087	466,948	2,707,035	11,494,241	59.04%	2034	1.55	
2035	108,746	27,350	245,000	164,107	2,297,186	405,529	2,702,714	9,197,055	67.23%	2035	1.56	
2036	111,318	24,747	250,000	154,528	911,318	357,144	1,268,461	8,285,737	70.48%	2036	3.31	
2037	113,950	22,083	260,000	144,363	953,950	321,715	1,275,665	7,331,787	73.87%	2037	3.30	
2038	116,645	19,357	275,000	133,433	1,001,645	284,258	1,285,903	6,330,142	77.44%	2038	3.27	
2039	119,404	16,565	285,000	121,355	1,039,404	244,139	1,283,543	5,290,738	81.15%	2039	3.28	
2040	122,228	13,708	295,000	108,158	1,082,228	201,369	1,283,597	4,208,510	85.00%	2040	3.28	
2041	125,119	10,783	310,000	94,165	1,120,119	156,336	1,276,454	3,088,391	89.00%	2041	3.29	
2042	128,078	7,789	325,000	79,320	1,153,078	109,278	1,262,356	1,935,314	93.10%	2042	3.33	
2043	131,107	4,724	340,000	63,608	561,107	73,932	635,038	1,374,207	95.10%	2043	6.62	
2044	134,207	1,587	365,000	46,681	594,207	50,168	644,376	780,000	97.22%	2044	6.52	
2045			380,000	28,615	380,000	28,615	408,615	400,000	98.57%	2045	10.29	
2046			400,000	9,700	400,000	9,700	409,700	0	100.00%	2046	10.26	
	1,995,031	477,832	5,275,000	2,809,482	28,063,807	8,004,527	36,068,334					

* Preliminary, subject to change.

**The debt service coverage ratios included on this page are calculated using draft audited 2025 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2025 and future Net Revenues may be materially different.

¹ Pursuant to the Wisconsin Capital Finance Office, Project No. 4558-09, the amount of disbursements as of June 1, 2026, is \$1,626,585.62. The schedule above assumes full draw of the loan.

City of Whitewater, Wisconsin

HISTORIC STATEMENT OF REVENUES AND EXPENSES

The following table shows the historic comparison of Net Revenues and debt service payable from revenues of the Utility System for the four-year period ended December 31 of each year:

	Audited 2022	Audited 2023	Audited 2024	Draft Audited 2025
Operating Revenues				
Water and Sewer Service Fees	\$ 6,467,429	\$ 6,780,359	\$ 7,127,942	\$ 7,059,672
Other Operating Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Revenues	6,467,429	6,780,359	7,127,942	7,059,672
Operating Expenses				
Operation and Maintenance	3,025,494	3,264,506	3,142,113	3,424,513
Depreciation and Amortization	<u>1,810,494</u>	<u>1,782,636</u>	<u>1,795,834</u>	<u>1,803,123</u>
Total Operating Expenses	<u>4,835,988</u>	<u>5,047,142</u>	<u>4,937,947</u>	<u>5,227,636</u>
Operating Income	1,631,441	1,733,217	2,189,995	1,832,036
Plus:				
Depreciation and Amortization	1,810,494	1,782,636	1,795,834	1,803,123
Miscellaneous Non-Operating Revenues	375,810	69,236	62,954	341,476
Interest Income	<u>13,480</u>	<u>139,726</u>	<u>269,873</u>	<u>227,188</u>
Net Revenues Available for Debt Service	\$ 3,831,225	\$ 3,724,815	\$ 4,318,656	\$ 4,203,823
Debt Service				
Waterworks and Sewer System Revenue Bonds (CWFL) 2009	\$ 193,529	\$ 193,463	\$ 193,395	\$ 193,325
Waterworks and Sewer System Revenue Bonds (CWFL) 2011	40,087	40,077	40,068	40,058
Waterworks and Sewer System Revenue Bonds (CWFL) 2016	1,457,119	1,456,630	1,456,630	1,456,378
Waterworks and Sewer System Revenue Bonds 2022B	-	739,512	769,769	665,394
Waterworks and Sewer System Revenue Bonds 2024B	-	-	-	106,132
Waterworks and Sewer System Revenue Bonds 2024C	<u>-</u>	<u>-</u>	<u>10,973</u>	<u>136,363</u>
Total Debt Service	\$ 1,690,735	\$ 2,429,682	\$ 2,470,835	\$ 2,597,650
Debt Service Coverage	2.27	1.53	1.75	1.62

DESCRIPTION OF WATERWORKS SYSTEM

The Waterworks System, established in 1912, is operated by the City Council. The City Council is the policy making body of the Waterworks System, overseeing all projects and programs, reviewing and approving the budget, and determining Waterworks System projects. Waterworks System operations are directed by the Water Superintendent and overseen by the Public Works Director. Operating practices and rates are regulated by the Wisconsin Public Service Commission ("WPSC").

The Waterworks System consists of five wells with electric pumping equipment and a water distribution system. The wells have an actual capacity of 7,362,720 gallons per day. The maximum gallons pumped in any one day during 2025 was 3,622,000 gallons and the minimum gallons pumped in any one day was 611,000 gallons. In addition, the Waterworks System owns two steel elevated storage tanks and one concrete reservoir with a total storage capacity of 2,110,000 gallons.

The Waterworks System includes other related appurtenances including 295,776 feet of various types of 2"-16" water mains; 3,002 various types of 3/4"-10" water lines, 3,905 utility-owned meters; and 617 hydrants.

History of Waterworks Customers¹

Year	Residential	Commercial	Public Authority	Industrial	Multifamily Residential	Total
2021	3,173	279	87	34	105	3,678
2022	3,188	313	92	38	105	3,736
2023	3,215	303	85	35	103	3,741
2024	3,213	311	84	37	108	3,753
2025	3,301	317	87	36	105	3,846

Source: *WPSC Annual Reports*.

History of Waterworks Billings by Customer Type²

Year	Residential	Commercial	Industrial	Public Authority	Multifamily Residential	Total Billings
2021	\$668,694	\$107,980	\$590,759	\$760,763	\$160,160	\$2,288,356
2022	672,369	106,786	640,303	795,261	160,682	2,375,401
2023	781,067	137,391	573,155	1,026,046	185,261	2,702,920
2024	819,813	132,347	673,030	1,098,513	215,644	2,939,347
2025	817,327	135,733	624,551	1,101,433	213,992	2,893,036

Source: *WPSC Annual Reports*.

¹Excludes fire protection services.

²Includes fire protection services.

History of Water Sales

Year	No. of Customers ¹	Gallons Sold (in 000's) ²	Total Billings ²
2021	3,678	572,254	\$2,288,356
2022	3,736	602,413	2,375,401
2023	3,741	514,536	2,702,920
2024	3,753	542,507	2,939,347
2025	3,846	519,019	2,893,036

2025 Larger Waterworks Customers

Total 2025 Gallons Sold: 519,019,000

Total 2025 Billings: \$2,893,036

Customer	Gallons Sold	Billings	% of Total Billings
WE Energies	231,562,845	\$591,572	20.45%
UW-Whitewater	60,747,268	306,067	10.58%
DLK Enterprises	20,221,678	140,708	4.86%
Twin Oaks LLC	12,871,675	37,160	1.28%
TPW Fox Meadows LLC	2,599,251	28,144	0.97%
The City	2,317,754	27,909	0.96%
Whitewater Unified School District	1,694,253	18,608	0.64%
Charge Holdings	2,768,713	17,315	0.60%
University Gardens LLC	2,379,740	15,095	0.52%
Bonnie Plants LLC	3,957,586	14,865	0.51%

¹Excludes fire protection services.

²Includes fire protection services.

Waterworks Rates and Charges

Rates and charges for the Waterworks System are subject to approval by the WPSC. The following water rates have been in effect since April 28, 2023:

Monthly Service Charge:

5/8 inch meter	\$9.80	3 inch meter	\$68.00
3/4 inch meter	9.80	4 inch meter	104.00
1 inch meter	15.90	6 inch meter	188.00
1 1/4 inch meter	21.55	8 inch meter	286.00
1 1/2 inch meter	27.05	10 inch meter	417.00
2 inch meter	41.00	12 inch meter	547.00

Plus Volume Charge:

Residential		Multifamily Residential/ Commercial	
First 2,000 gallons	\$2.98 per 1,000 gls	First 400,000 gallons	\$3.26 per 1,000 gls
Over 2,000 gallons	\$3.98 per 1,000 gls	Over 400,000 gallons	\$2.46 per 1,000 gls

Plus Public Fire Protection Service:

5/8 inch meter	\$12.08	3 inch meter	\$181.00
3/4 inch meter	12.08	4 inch meter	302.00
1 inch meter	30.15	6 inch meter	604.00
1 1/4 inch meter	44.68	8 inch meter	966.00
1 1/2 inch meter	60.30	10 inch meter	1,450.00
2 inch meter	97.00	12 inch meter	1,933.00

Average Bill for Residential Service in 2025

Avg. Monthly Usage in Gallons	Avg. Monthly Bill
3,146	\$20.63

Bills for water service are rendered monthly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 3% but not less than \$.50 will be added to bills not paid within 20 days of issuance. This one time 3% late payment charge will be applied only to any unpaid balance for the current billing period's usage. This late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued and unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Chapter PSC 185, Wisconsin Adm. Code.

DESCRIPTION OF THE SEWER SYSTEM

The City owns, operates and maintains the Sewer System and related appurtenances serving customers located entirely within the City. The Sewer System was established in 1982 and is governed by the City Council. The City Council is the policy making body of the Sewer System overseeing all projects, and programs, reviewing and approving the budget, and determining Sewer System projects. Sewer System operations are directed by the Sewer Superintendent and Public Works Director.

The wastewater treatment facility consists of the treatment facility and 52 miles of various-sized sewer lines. The treatment facility has an average daily flow capacity of 3.65 million gallons per day and a current usage of 1.8 gallons per day. The facility rated capacity is 10 million gallons per day. The treatment facility has a current projected design life to handle current and future development to at least the year 2036.

History of Usage and Total Billings

Year	Total Usage in Gallons (in 000's)	Total Billings
2021	283,587	\$3,895,281
2022	291,296	4,056,388
2023	287,397	4,039,673
2024	272,897	4,135,434
2025	270,573	4,113,425

History of Sewer Connections by Customer Type

Year	Residential	Commercial	Industrial	Public Authority	Multifamily	Total
2021	3,103	262	35	66	100	3,566
2022	3,129	266	35	66	100	3,596
2023	3,138	270	35	66	100	3,609
2024	3,219	285	35	76	103	3,718
2025	3,250	299	35	87	105	3,776

2025 Larger Sewer Customers

Total 2025 Gallons Sold	270,573,180
Total 2025 Sewer Billings	\$4,113,425

Customer	2025 Usage in Gallons	2025 Total Billings	Percent of Total Sewer Billings
UW-Whitewater	49,528,628	\$673,791	16.38%
DLK Enterprises	20,138,705	289,576	7.04%
Twin Oaks LLC	12,871,675	155,555	3.78%
Fairhaven	3,519,606	47,020	1.14%
TPW Fox Meadows LLC	2,599,251	42,410	1.03%
Seville Investors LLC	3,000,970	39,016	0.95%
Charge Holdings	2,768,713	38,935	0.95%
City of Whitewater	2,138,273	35,925	0.87%
University Gardens LLC	2,379,740	33,888	0.82%
Whitewater Unified School District	1,694,253	29,906	0.73%

Sewer Rates

The City Council establishes rates and charges for the Sewer System. Sewer rates are not subject to approval by the WPSC. The City annually reviews rates as required under City sewer ordinances to determine if adjustments are required. The sewer service charge for any lot, parcel of land, building or premise is based on the quantity and quality of wastewater generated, on debt service related to the Sewer System, and operation, maintenance and replacement costs of the Sewer System. The following sewer rates were adopted on May 21, 2019 and became effective June 27, 2019:

General Service - Metered

Monthly Service Charge

<u>Meter Size</u>	<u>Charge</u>
5/8"	12.75
3/4"	12.75
1"	31.88
1 1/2"	63.75
2"	102.00
3"	191.25
4"	318.75
6"	637.50
8"	1,020.00

Plus Volume Charge: \$11.99 Per 1,000 gallons

Average Bill for Residential Service in 2025

Avg. Monthly Usage in Gallons	Avg. Monthly Bill
3,146	\$50.59

RATING

Certain of the City's outstanding Utility System Revenue Bonds debt, other than credit enhanced issues, is currently rated "A-" by S&P Global Ratings ("S&P"). The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery of the Bonds, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City's operating data filing for the year ended December 31, 2022 was filed late. The City's operating data filings for the fiscal years ended December 31, 2020, December 31, 2021, December 31, 2022 and December 31, 2024 did not include certain required operating data under certain continuing disclosure undertakings. The City's filing for the notice of the incurrence of a financial obligation in December 2022 was inadvertently not associated with the CUSIP numbers of the City's outstanding obligations. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the

compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2024 and DRAFT basic financial statements of the City for the fiscal year ended December 31, 2025 have been audited by Johnson Block & Company, Inc., Middleton, Wisconsin, independent auditors (the "Auditor"). The City expects delivery of the audit for the fiscal year ended December 31, 2025 in substantially the form of the draft attached hereto, but such draft is subject to further review and revision. The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should read this Official Statement, including the appendices, in its entirety.

System Revenues: Should rates set be inadequate to cover expenses, an unusual number of delinquencies occur, or a major breakdown or other disaster cause the Utility System to be inoperable, a shortfall of revenues could result in a delay of debt payments.

Larger Users: Should larger users increase or decrease usage of the water and sewer service currently provided, the revenues of the City's Utility System will be affected proportionately.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Parameters Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

	Walworth County	Jefferson County	Total
2025 Equalized Value	\$957,202,400	\$144,854,200	\$1,102,056,600
2025 Equalized Value Reduced by Tax Increment Valuation	\$906,748,700	\$131,733,100	\$1,038,481,800
2025 Assessed Value	\$949,451,676	\$139,823,900	\$1,089,275,576

2025 EQUALIZED VALUE BY CLASSIFICATION

	2025 Equalized Value¹	Percent of Total Equalized Value
Residential	\$640,291,600	58.100%
Commercial	403,550,500	36.618%
Manufacturing	55,717,200	5.056%
Agricultural	680,200	0.062%
Undeveloped	804,400	0.073%
Ag Forest	329,700	0.030%
Forest	309,000	0.028%
Other	374,000	0.034%
Total	<u>\$1,102,056,600</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2021	\$750,563,583	\$802,302,500	8.30%
2022	826,164,100	861,165,600	7.34%
2023	914,459,600	976,283,200	13.37%
2024	1,014,038,650	1,041,676,500	6.70%
2025	1,089,275,576	1,102,056,600	5.80%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2025 Equalized Value ¹	Percent of City's Total Equalized Value
DLK Enterprises, Inc.	Commercial/Residential Real Estate	\$46,795,103	4.25%
Generac	Manufacturing	20,131,140	1.83%
Fairhaven	Senior Residential Housing	17,822,387	1.62%
Omega Paragon Whitewater LLC	Supply Chain/ Logistics	14,910,591	1.35%
Bluff Ridge Apartments LLC	Residential Housing	13,921,076	1.26%
Twin Oaks LLC	Mobile Home Park	9,198,493	0.83%
WWHP LLC	Hotel (Fairfield Inn)	8,519,632	0.77%
Coburn HQ LLC	Agricultural Manufacturing	8,175,676	0.74%
DLK Enterprises Inc. / Whitewater Development LLC	Commercial/Residential Real Estate	8,009,396	0.73%
Arch Development LLC	Residential Real Estate	<u>7,706,279</u>	<u>0.70%</u>
Total		\$155,189,773	14.08%
City's Total 2025 Equalized Value ²		\$1,102,056,600	

Source: The City.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Concurrent Obligations, as defined herein)* \$33,105,652

Revenue Debt (see schedules on page 5-6)

Total revenue debt secured by Utility System Revenues (includes the Bonds)* \$28,063,807

*Preliminary, subject to change.

¹Calculated by dividing the 2025 Assessed Values by the 2025 Aggregate Ratio of assessment for the City.

²Includes tax increment valuation.

³Outstanding debt is as of the dated date of the Notes.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

Concurrently with the Bonds, the City expects to issue its \$8,870,000* General Obligation Promissory Notes, Series 2026A (the "Concurrent Obligations"). The City expects to borrow approximately \$2,635,000 general obligation debt for TID development incentives before the end of 2026. The City typically borrows annually for its capital improvement needs, but the timing and amount of such borrowings have yet to be determined. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$1,102,056,600
Multiply by 5%	0.05
Statutory Debt Limit ¹	<u>\$55,102,830</u>
Less: General Obligation Debt*	<u>(33,105,652)</u>
Unused Debt Limit*	<u><u>\$21,997,178</u></u>

*Preliminary, subject to change.

¹The City has established guidelines to limit its general obligation debt to 70% of the legal limit (3.5% of the current equalized value).

City of Whitewater, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 07/22/2026)

	Corporate Purpose Bonds		Corporate Purpose Bonds		Corporate Purpose Bonds Series 2018A		Promissory Note		Corporate Purpose Bonds Series 2020A	
Dated	05/17/2012		06/10/2014		04/11/2018		07/23/2019		07/08/2020	
Amount	\$5,475,000		\$4,280,000		\$6,540,000		\$1,150,000		\$5,195,000	
Maturity	09/01		09/01		09/01		07/23		06/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	330,000	30,426	505,000	22,013	205,000	81,213	101,550	5,016	0	34,278
2027	335,000	52,933	525,000	31,148	215,000	152,175	101,550	7,586	220,000	66,355
2028	345,000	44,558	285,000	16,973	430,000	145,725	101,550	5,071	225,000	61,905
2029	355,000	35,588	295,000	8,850	430,000	132,825	101,550	2,529	230,000	57,355
2030	365,000	24,050			445,000	119,925			235,000	52,705
2031	375,000	12,188			450,000	105,463			240,000	47,955
2032					460,000	90,838			240,000	43,155
2033					465,000	75,888			245,000	38,305
2034					465,000	60,775			260,000	33,255
2035					465,000	45,663			265,000	28,005
2036					470,000	30,550			270,000	22,655
2037					470,000	15,275			275,000	17,205
2038									275,000	11,705
2039									285,000	6,105
2040									155,000	1,628
2041										
2042										
2043										
2044										
2045										
2046										
	2,105,000	199,741	1,610,000	78,983	4,970,000	1,056,313	406,200	20,201	3,420,000	522,570

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City of Whitewater, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 07/22/2026)

	Corporate Purpose Bonds Series 2022A		Promissory Note ¹		Promissory Notes Series 2024A		Taxable Promissory Notes (SDWFL) Series 2025 ²		Promissory Notes Series 2026A					Principal Outstanding	% Paid	Calendar Year Ending
Dated Amount	03/30/2022 \$5,130,000		12/09/2022 \$304,500		07/17/2024 \$6,350,000		08/27/2025 \$1,506,107		07/22/2026 \$8,870,000*							
Maturity	06/01		06/15 & 12/15		06/01		05/01		06/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	75,400	28,177	2,446	0	130,716	0	1,696	0	0	1,169,727	383,202	1,552,930	31,935,924	3.53%	2026
2027	145,000	147,900	58,067	3,179	150,000	257,681	149,296	3,206	295,000	472,662	2,193,914	1,194,824	3,388,738	29,742,011	10.16%	2027
2028	160,000	141,800	6,776	1,374	260,000	247,431	149,670	2,833	185,000	339,186	2,147,996	1,006,855	3,154,851	27,594,014	16.65%	2028
2029	160,000	135,400	7,053	1,097	325,000	232,806	150,044	2,458	145,000	333,989	2,198,647	942,896	3,141,543	25,395,367	23.29%	2029
2030	355,000	125,100	7,338	813	345,000	216,056	150,419	2,082	190,000	328,656	2,092,757	869,387	2,962,144	23,302,611	29.61%	2030
2031	355,000	110,900	7,633	517	355,000	198,556	150,795	1,706	220,000	321,987	2,153,428	799,271	2,952,700	21,149,182	36.12%	2031
2032	345,000	98,625	7,223	210	375,000	180,306	151,172	1,328	615,000	308,067	2,193,395	722,529	2,915,924	18,955,787	42.74%	2032
2033	340,000	88,350			400,000	160,931	151,550	950	645,000	286,704	2,246,550	651,128	2,897,677	16,709,237	49.53%	2033
2034	345,000	78,075			330,000	142,681	151,929	571	665,000	264,038	2,216,929	579,395	2,796,323	14,492,309	56.22%	2034
2035	350,000	67,650			250,000	128,181	152,309	190	685,000	240,138	2,167,309	509,827	2,677,135	12,325,000	62.77%	2035
2036	345,000	57,225			265,000	115,306			705,000	214,659	2,055,000	440,395	2,495,395	10,270,000	68.98%	2036
2037	340,000	46,950			275,000	101,806			430,000	193,133	1,790,000	374,369	2,164,369	8,480,000	74.39%	2037
2038	345,000	36,675			290,000	87,681			435,000	176,178	1,345,000	312,239	1,657,239	7,135,000	78.45%	2038
2039	355,000	26,175			310,000	74,231			440,000	158,105	1,390,000	264,616	1,654,616	5,745,000	82.65%	2039
2040	350,000	15,600			320,000	61,631			450,000	138,745	1,275,000	217,604	1,492,604	4,470,000	86.50%	2040
2041	345,000	5,175			340,000	48,431			450,000	118,720	1,135,000	172,326	1,307,326	3,335,000	89.93%	2041
2042					355,000	34,531			455,000	98,244	810,000	132,775	942,775	2,525,000	92.37%	2042
2043					360,000	20,006			460,000	77,313	820,000	97,319	917,319	1,705,000	94.85%	2043
2044					305,000	6,291			465,000	55,805	770,000	62,096	832,096	935,000	97.18%	2044
2045									470,000	33,715	470,000	33,715	503,715	465,000	98.60%	2045
2046									465,000	11,276	465,000	11,276	476,276	0	100.00%	2046
	4,635,000	1,257,000	122,269	9,637	5,610,000	2,445,263	1,357,183	17,021	8,870,000	4,171,317	33,105,652	9,778,045	42,883,697			

* Preliminary, subject to change.

¹ This note contains provisions that allow the lender, at its option, without notice, to declare the note immediately due and payable upon occurrence of any one or more of the following events: (i) the City fails to pay any amount when due under the note or any other instrument evidencing indebtedness of the City to the lender; (ii) any representation or warranty made under the note or information provided by the City in connection with the note is or was false or fraudulent in any material respect; (iii) a material adverse change occurs in the City's financial condition; (iv) the City fails to timely observe or perform any of the covenants or duties in the note; (v) an event of default occurs under any agreement securing the note; or (vi) the lender deems itself insecure.

² Pursuant to the Wisconsin Capital Finance Office, Project No. 5650-02, the amount of disbursements as of June 10, 2026, is \$762,249.94. The schedule above assumes full draw of the loan.

OVERLAPPING DEBT¹

Taxing District	2025 Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Jefferson County	\$12,918,833,400	1.1213%	\$38,910,000	436,298
Madison Area Technical College District	159,919,721,111	0.0906%	168,740,000	152,878
Gateway Technical College District	86,397,448,588	1.1079%	64,250,000	711,826
Whitewater School District	2,555,936,688	43.1175%	20,560,000	<u>8,864,958</u>
City's Share of Total Overlapping Debt				<u><u>\$10,165,960</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$1,102,056,600	Debt/ Per Capita 15,646⁴
Total General Obligation Debt*	\$33,105,652	3.00%	\$2,115.92
City's Share of Total Overlapping Debt	<u>10,165,960</u>	<u>0.92%</u>	<u>649.75</u>
Total*	\$43,271,612	3.93%	\$2,765.67

*Preliminary, subject to change.

¹Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Walworth County currently has no outstanding general obligation debt.

²Includes tax increment valuation.

³Outstanding debt based on information obtained on EMMA, Wisconsin Department of Revenue, Wisconsin Department of Public Instruction and the Municipal Advisor's records.

⁴Estimated 2025 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Walworth County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2021/22	\$3,795,413	100%	\$5.96
2022/23	5,050,098	100%	6.73
2023/24	5,156,344	100%	6.33
2024/25	5,681,055	100%	6.34
2025/26	6,761,311	In Process of Collection	7.46

Jefferson County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2021/22	\$405,521	100%	\$5.96
2022/23	706,755	100%	6.73
2023/24	696,018	100%	6.33
2024/25	779,247	100%	6.34
2025/26	982,288	In Process of Collection	7.46

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current State law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may

then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Previously, personal property taxes were required to be paid to the town, city or village treasurer in full by January 31. Uncollected personal property taxes owed by an entity that had ceased operations or filed a petition for bankruptcy, or were due on personal property that had been removed from the next assessment roll were formerly collected from each taxing entity in the year following the levy year. The personal property tax was repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax was replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Walworth

Year Levied/ Year Collected	Schools ¹	County	Local	Total
2021/22	\$11.72	\$3.34	\$5.96	\$21.02
2022/23	9.40	2.90	6.73	19.03
2023/24	8.32	2.50	6.33	17.15
2024/25	7.79	2.30	6.34	16.43
2025/26	8.30	2.19	7.46	17.95

Jefferson

Year Levied/ Year Collected	Schools ¹	County	Local	Total
2021/22	\$11.81	\$3.89	\$5.96	\$21.66
2022/23	9.48	3.55	6.73	19.76
2023/24	8.39	3.16	6.33	17.88
2024/25	7.86	2.90	6.34	17.10
2025/26	8.37	2.83	7.46	18.66

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation

¹The Schools tax rate reflects the composite rate of all local school districts and technical college district.

factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to revenue bonds issued pursuant to Section 66.0621, Wis. Stats., such as the Notes, any taxes levied to pay debt service on the Bonds because of a revenue shortfall may be excluded from the levy limits.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of State programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. Chapter 79, Wis. Stats. includes other revenue sharing

programs, which each have their own requirements. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2025, the City received approximately \$4,002,000 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$3,921,000 received in 2024. The City is expected to receive approximately \$4,125,000 in shared revenue under Chapter 79, Wis. Stats. in 2026. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

CITY GOVERNMENT

The City has a City Manager/City Council form of government, with the City Council consisting of seven members elected for staggered two-year terms. The appointed City Manager, City Clerk, Comptroller, and Director of Finance and Administrative Services/Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 109 full-time, 76 part-time, and 82 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. During the fiscal year ended December 31, 2023, the fiscal year ended December 31, 2024 and the fiscal year ended December 31, 2025 ("Fiscal Year 2025"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$655,682, \$763,967, and \$868,745, respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2024, the total pension liability of the WRS was calculated as \$136.18 billion and the fiduciary net position of the WRS was calculated as \$134.54 billion, resulting in a net pension liability of \$1.64 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2025, the City reported a liability of \$793,042 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2024 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.04826307% of the aggregate WRS net pension liability as of December 31, 2024.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 10 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.¹

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

¹On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV3152*, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss stated that the Act violates the equal protection clause of the Wisconsin Constitution and declared those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructed the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. On December 2, 2024, the court issued an order granting the plaintiffs' motion for judgment on the pleadings and striking down substantial portions of the Act. The court's decision has been appealed to the Wisconsin Court of Appeals. On January 23, 2025, the court granted a motion to stay the decision pending outcome of the appeal. No guarantee can be made regarding the outcome of the matter.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Whitewater Professional Police Association	December 31, 2028
Whitewater Professional Police Supervisors Association	December 31, 2028
International Association of Fire Fighters AFL-CEO Local 580	N/A*

*Initial contract is currently being negotiated.

OTHER POST EMPLOYMENT BENEFITS

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the City and have satisfied specified eligibility standards. Such benefits permit eligible retirees to remain on the City's group health plan if the retiree pays the full amount of premiums. Membership in the plan consisted of 11 retirees receiving benefits and 74 active eligible plan members as of December 31, 2023, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and prepared in accordance with Statements No. 74 and No. 75 of the Governmental Accounting Standards Board ("GASB 74/75"). An actuarial study was last completed for the City in accordance with GASB 74/75 by Foster & Foster Consulting Actuaries Inc. in March 2025 with an actuarial valuation date of December 31, 2023.

Under GASB 74/75, a net OPEB liability (or asset) is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As of December 31, 2023, the total OPEB liability was \$176,878 and the fiduciary net position was \$0, resulting in net OPEB liability of \$176,878. The City's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations.

In addition, the City participates in the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2025, the City's portion of contributions to the LRLIF totaled \$1,573. For Fiscal Year 2025, the City reported a liability of \$295,587 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2024 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.075554% of the aggregate LRLIF net OPEB liability as of December 31, 2024.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 11 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or State law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

FUNDS ON HAND (as of May 27, 2026)

Fund	Total Cash and Investments
General	\$6,740,711
Special Revenue	2,472,639
Capital Projects	28,723
Enterprise Funds	5,353,395
Fiduciary Funds	61,561
CDA	<u>897,325</u>
 Total Funds on Hand	 <u><u>\$15,554,354</u></u>

ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	2023 Audited	2024 Audited	2025 DRAFT Audited
Water			
Total Operating Revenues	\$2,732,609	\$2,977,702	\$2,929,807
Less: Operating Expenses	<u>(2,171,694)</u>	<u>(2,032,989)</u>	<u>(2,151,597)</u>
Operating Income	\$560,915	\$944,713	\$778,210
Plus: Depreciation	495,808	535,221	561,945
Interest Income	26,640	47,679	68,761
Miscellaneous Non-Operating Revenue	<u>63,116</u>	<u>58,024</u>	<u>91,002</u>
Revenues Available for Debt Service	<u><u>\$1,146,479</u></u>	<u><u>\$1,585,637</u></u>	<u><u>\$1,499,918</u></u>
Wastewater			
Total Operating Revenues	\$4,047,750	\$4,150,240	\$4,129,865
Less: Operating Expenses	<u>(2,875,448)</u>	<u>(2,904,958)</u>	<u>(3,076,039)</u>
Operating Income	\$1,172,302	\$1,245,282	\$1,053,826
Plus: Depreciation	1,286,828	1,260,613	1,241,178
Interest Income	113,086	222,194	158,427
Miscellaneous Non-Operating Revenue	<u>6,120</u>	<u>4,930</u>	<u>250,474</u>
Revenues Available for Debt Service	<u><u>\$2,578,336</u></u>	<u><u>\$2,733,019</u></u>	<u><u>\$2,703,905</u></u>
Stormwater			
Total Operating Revenues	\$551,171	\$553,259	\$556,440
Less: Operating Expenses	<u>(560,891)</u>	<u>(615,118)</u>	<u>(842,412)</u>
Operating Income	(\$9,720)	(\$61,859)	(\$285,972)
Plus: Depreciation	121,028	130,431	131,432
Interest Income	0	0	0
Miscellaneous Non-Operating Revenue	<u>3,866</u>	<u>4,847</u>	<u>4,649</u>
Revenues Available for Debt Service	<u><u>\$115,174</u></u>	<u><u>\$73,419</u></u>	<u><u>(\$149,891)</u></u> ¹

¹ On October 7, 2025, the City Council passed a resolution increasing storm water rates 48.62%. Effective January 1, 2026, the monthly charge per Equivalent Runoff Unit increased from \$6.17 to \$9.17.

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2024 audited financial statements and 2025 DRAFT audited financial statements.

	FISCAL YEAR ENDING DECEMBER 31			
COMBINED STATEMENT	2022	2023	2024	2025 Draft
	Audited	Audited	Audited	Audited
Revenues				
Property taxes, other taxes & special assessments	\$3,581,610	\$4,863,321	\$4,885,312	\$4,815,266
Intergovernmental	4,674,022	4,347,842	4,865,277	5,319,435
Licenses and permits	89,048	167,690	147,578	405,884
Fines, forfeits and penalties	296,072	250,979	284,290	286,883
Public charges for services	87,873	62,413	62,162	68,003
Interest income	183,529	834,090	893,836	585,931
Miscellaneous income	124,553	425,688	481,990	465,805
Total Revenues	<u>\$9,036,707</u>	<u>\$10,952,023</u>	<u>\$11,620,445</u>	<u>\$11,947,207</u>
Expenditures				
Current:				
General government	\$1,758,004	\$1,808,116	\$2,076,177	\$2,127,323
Public safety	3,964,881	5,515,036	5,267,879	5,112,487
Public works	1,913,676	1,842,843	1,888,503	1,766,788
Culture, recreation and education	602,523	415,680	492,627	591,118
Capital outlay	30,090	186,706	116,632	1,620,701
Debt service:				
Interest expense	33,080	0	12,642	0
Total Expenditures	<u>\$8,302,254</u>	<u>\$9,768,381</u>	<u>\$9,854,460</u>	<u>\$11,218,417</u>
Excess of revenues over (under) expenditures	\$734,453	\$1,183,642	\$1,765,985	\$728,790
Other Financing Sources (Uses)				
Proceeds from long-term debt	\$1,218,700	\$0	\$449,383	\$0
Premium on long-term debt	38,493	0	25,505	0
Transfers in	424,861	797,047	808,285	882,908
Transfers (out)	(922,055)	(2,370,907)	(2,728,037)	(2,485,154)
Transfers (out) to CDA	(117,343)	(32,500)	(32,500)	(30,000)
Total Other Financing Sources (Uses)	<u>642,656</u>	<u>(1,606,360)</u>	<u>(1,477,364)</u>	<u>(1,632,246)</u>
Net changes in Fund Balances	\$1,377,109	(\$422,718)	\$288,621	(\$903,456) ¹
General Fund Balance January 1	\$4,529,026	\$5,906,135	\$5,483,417	\$5,772,038
General Fund Balance December 31	\$5,906,135	\$5,483,417	\$5,772,038	\$4,868,582
DETAILS OF DECEMBER 31 FUND BALANCE				
Nonspendable	\$618,404	\$209,850	\$42,238	\$30,633
Assigned	2,835,393	2,354,593	2,582,684	1,938,236
Unassigned	2,452,338	2,918,974	3,147,116	2,899,713
Total	<u>\$5,906,135</u>	<u>\$5,483,417</u>	<u>\$5,772,038</u>	<u>\$4,868,582</u>

¹ The use of fund balance reflects capital expenditures that will be reimbursed with proceeds of the Concurrent Obligations. The City's fund balance policy states that the City will strive to maintain an unassigned fund balance of 20% of current year operating expenditures in the General Fund, which policy continues to be met.

GENERAL FUND BUDGET SUMMARY

FISCAL YEAR ENDING DECEMBER 31

COMBINED STATEMENT

	2026 Adopted Budget¹
Revenues	
Property taxes, other taxes & special assessments	\$6,198,737
Intergovernmental	5,547,402
Licenses and permits	752,950
Fines, forfeits and penalties	291,550
Public charges for services	56,150
Other Financing Source	126,160
Miscellaneous income	1,036,870
Total Revenues	<u>\$14,009,819</u>
Expenditures	
Current:	
General government	\$2,083,052
Public safety	5,497,852
Public works	1,342,082
Culture, recreation and education	822,346
Conservation and development	851,065
Transfers:	
Sinking Funds	615,500
Community Development	130,000
Library Special Revenues-Operating	475,000
Solid Waste Disposal	530,000
Transfer to Fire Department	1,662,922
Total Expenditures	<u>\$14,009,819</u>
Excess of revenues over (under) expenditures	\$0

¹ The 2026 budget was adopted on December 2, 2025.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 16,137 and a current estimated population of 15,646 comprises an area of 9.06 square miles and is located approximately 50 miles Southeast from Madison and 50 miles Southwest of Milwaukee.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
University of Wisconsin - Whitewater	Higher education	1,113
Generac Corporation	Gasoline, LP generators and engines	729
The City	Municipal government and services	267
Whitewater Unified School District	Elementary and secondary education	253
Fairhaven Corporation	Senior living	250
Universal Electronics, Inc. (UEI)	Contract electronic assembly	200
Weiler & Co. Inc. (Provisur)	Food product machinery manufacturer	170
S&R Egg Farm Inc.	Table egg processing and organic fertilizers	160
Wal-Mart	Retail	150
Schenck Process	Industrial/commercial machinery manufacturer	140

Source: The City, DataAxle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

¹This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

BUILDING PERMITS

	2022	2023	2024	2025	2026 ¹
<u>New Single Family Homes</u>					
No. of building permits	3	10	19	58	12
Valuation	\$312,000	\$2,361,000	N/A ²	N/A ²	\$4,700,086
<u>New Multiple Family Buildings</u>					
No. of building permits	1	1	0	2	0
Valuation	\$170,000	\$4,700,000	\$0	N/A ²	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	2	4	0	2	2
Valuation	\$985,000	\$1,540,000	\$0	N/A ²	\$650,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	19	51	88	148	43
Valuation	\$2,538,640	\$11,589,103	N/A ²	N/A ²	\$20,885,669

Source: The City.

¹As of May 27, 2026.

² Information not available from the City.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	14,390
2020 U.S. Census Population	16,137
Percent of Change 2010 - 2020	12.14%
2025 Estimated Population	15,646

Income and Age Statistics

	The City	Walworth County	State of Wisconsin	United States
2024 per capita income	\$25,863	\$45,175	\$43,373	\$44,673
2024 median household income	\$54,969	\$80,520	\$77,485	\$80,734
2024 median family income	\$96,438	\$104,025	\$100,141	\$99,999
2024 median gross rent	\$1,041	\$1,150	\$1,087	\$1,413
2024 median value owner occupied units	\$229,400	\$302,700	\$266,500	\$332,700
2024 median age	22.1 yrs.	41.4 yrs.	40.2 yrs.	38.9 yrs.

	State of Wisconsin	United States
City % of 2024 per capita income	59.63%	57.89%
City % of 2024 median family income	96.30%	96.44%

Housing Statistics

	<u>The City</u>		
	2020	2024	Percent of Change
All Housing Units	5,445	5,925	8.82%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2024 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Walworth County	Walworth County	State of Wisconsin	
2022	55,737	2.8%	2.8%	
2023	56,806	2.8%	2.8%	
2024	58,294	2.8%	3.0%	
2025, ¹	58,146	2.9%	3.2%	
2026, April ¹	58,492	2.9%	3.4%	

Source: Wisconsin Department of Workforce Development.

¹Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City expects delivery of the audit for the fiscal year ended December 31, 2025 in substantially the form of the draft attached hereto, but such draft is subject to further review and revision. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

DRAFT



AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

City of Whitewater
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Whitewater
Whitewater, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements 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 and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Whitewater, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Whitewater, Wisconsin, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Whitewater, Wisconsin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Whitewater, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Whitewater, Wisconsin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Whitewater, Wisconsin's basic financial statements. The accompanying combining and individual nonmajor and component unit fund financial statements and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor and component unit fund financial statements and schedule of expenditure of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DRAFT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE XX**, 2026 on our consideration of the City of Whitewater, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Whitewater, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Whitewater, Wisconsin's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.
DATE XX, 2026

DRAFT

BASIC FINANCIAL STATEMENTS

Statement of Net Position
December 31, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>	<u>Component Unit</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 11,090,796	\$ 4,139,882	\$ 15,230,678	\$ 1,052,702
Receivables				
Taxes and Special Assessments	5,946,969	-	5,946,969	-
Accounts, Net of Allowance	469,751	716,671	1,186,422	-
Other	439,783	25,186	464,969	1,988
Due from Other Governments	45,000	-	45,000	-
Leases-current portion	52,387	29,990	82,377	173,444
Internal Balances	710,048	(710,048)	-	-
Due From Tax Collection Fund	7,202	-	7,202	-
Due From Component Unit/City	13,787	-	13,787	-
Inventories	-	22,500	22,500	-
Prepaid Expenses	30,548	-	30,548	-
Total Current Assets	<u>18,806,271</u>	<u>4,224,181</u>	<u>23,030,452</u>	<u>1,228,134</u>
Noncurrent Assets:				
Restricted Assets				
Cash and Cash Equivalents	-	3,978,722	3,978,722	-
Other Assets				
Special Assessment Receivable	15,043	44,775	59,818	-
Loans Receivable	-	-	-	880,738
Lease Receivable- Long-Term	187,148	1,112,995	1,300,143	428,300
Capital Assets				
Land, Improvements, and Construction in Progress	12,975,482	6,831,625	19,807,107	565,797
Other Capital Assets, net of depreciation	33,868,902	60,936,335	94,805,237	-
Net Capital Assets	<u>46,844,384</u>	<u>67,767,960</u>	<u>114,612,344</u>	<u>565,797</u>
Total Noncurrent Assets	<u>47,046,575</u>	<u>72,904,452</u>	<u>119,951,027</u>	<u>1,874,835</u>
Total Assets	<u>65,852,846</u>	<u>77,128,633</u>	<u>142,981,479</u>	<u>3,102,969</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	4,163,419	573,049	4,736,468	39,243
Deferred Life Insurance OPEB Outflows	78,160	-	78,160	-
Total Deferred Outflows of Resources	<u>4,241,579</u>	<u>573,049</u>	<u>4,814,628</u>	<u>39,243</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 70,094,425</u>	<u>\$ 77,701,682</u>	<u>\$ 147,796,107</u>	<u>\$ 3,142,212</u>

See accompanying notes to the basic financial statements

Statement of Net Position
December 31, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>	<u>Component Unit</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 1,828,211	\$ 489,678	\$ 2,317,889	\$ 41,422
Due to City	-	-	-	13,787
Due to Other Governments	-	-	-	-
Accrued Interest	87,791	161,318	249,109	-
Current Portion of Long-Term Liabilities	1,514,223	2,576,728	4,090,951	-
Total Current Liabilities	<u>3,430,225</u>	<u>3,227,724</u>	<u>6,657,949</u>	<u>55,209</u>
Noncurrent Liabilities:				
Unamortized Debt Premium	553,482	453,204	1,006,686	-
Net OPEB Liability - Life Insurance	295,587	-	295,587	-
Net Pension Liability	691,367	95,159	786,526	6,516
Bonds and Direct Borrowings	14,517,342	29,916,158	44,433,500	-
Compensated Absences	792,786	105,934	898,720	-
Total Noncurrent Liabilities	<u>16,850,564</u>	<u>30,570,455</u>	<u>47,421,019</u>	<u>6,516</u>
Total Liabilities	<u>20,280,789</u>	<u>33,798,179</u>	<u>54,078,968</u>	<u>61,725</u>
DEFERRED INFLOWS OF RESOURCES				
Tax Apportionment	8,893,951	-	8,893,951	-
Deferred Pension Inflows	2,042,378	281,110	2,323,488	19,251
Deferred Life Insurance OPEB Inflows	238,668	-	238,668	-
Other Deferred Inflows	257,585	1,171,847	1,429,432	556,450
Total Deferred Inflows of Resources	<u>11,432,582</u>	<u>1,452,957</u>	<u>12,885,539</u>	<u>575,701</u>
NET POSITION				
Net Investment in Capital Assets	30,259,337	34,619,838	64,879,175	565,797
Restricted				
CDA Programs	-	-	-	1,939,130
Debt Service	-	154,992	154,992	-
Capital	2,065,242	2,848,629	4,913,871	-
Special Revenue Activity	1,828,889	-	1,828,889	-
Unrestricted (Deficit)	4,227,586	4,827,087	9,054,673	(141)
Total Net Position	<u>38,381,054</u>	<u>42,450,546</u>	<u>80,831,600</u>	<u>2,504,786</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 70,094,425</u>	<u>\$ 77,701,682</u>	<u>\$ 147,796,107</u>	<u>\$ 3,142,212</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Activities
For the Year Ended December 31, 2025**

	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Primary Government	Component Unit
Functions/Programs								
Primary Government								
Governmental Activities								
General Government	\$ 1,767,744	\$ 483,558	\$ -	\$ -	\$ (1,284,186)		\$ (1,284,186)	
Public Safety	8,941,486	1,710,166	476,674	221,045	(6,533,601)		(6,533,601)	
Public Works	7,456,737	-	813,752	-	(6,642,985)		(6,642,985)	
Culture and Recreation	2,955,029	679,193	495,571	100,000	(1,680,265)		(1,680,265)	
Conservation and Development	652,351	-	2,580	209,331	(440,440)		(440,440)	
Interest on Long-Term Debt	557,863	-	-	-	(557,863)		(557,863)	
Total Governmental Activities	22,331,210	2,872,917	1,788,577	530,376	(17,139,340)		(17,139,340)	
Business-Type Activities								
Water	2,538,312	2,929,807	-	590,285	-	\$ 981,780	981,780	
Wastewater	3,558,461	4,129,865	-	976,775	-	1,548,179	1,548,179	
Storm Sewer	925,058	556,440	-	-	-	(368,618)	(368,618)	
Total Business-Type Activities	7,021,831	7,616,112	-	1,567,060	-	2,161,341	2,161,341	
Total Primary Government	\$ 29,353,041	\$ 10,489,029	\$ 1,788,577	\$ 2,097,436	(17,139,340)	2,161,341	(14,977,999)	
Component Unit								
Community Development Authority	\$ 638,594	\$ 236,773	\$ -	\$ -				\$ (401,821)
Total Component Units	\$ 638,594	\$ 236,773	\$ -	\$ -				(401,821)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					4,882,096		4,882,096	-
Property Taxes, Levied for Debt Service					1,952,572		1,952,572	-
Other Taxes					267,285		267,285	-
Grants and Contributions Not Restricted to Specific Programs					4,549,514		4,549,514	-
Unrestricted Investment Earnings					710,222	227,188	937,410	145,616
Miscellaneous					194,545	142,325	336,870	7,524
Special Item - Gain (Loss) on Retirement of Asset(s)					64,648	-	64,648	1
Transfers to/from CDA					4,264,362	(25,000)	4,239,362	(4,239,362)
Transfers					386,216	(386,216)	-	-
Total General Revenues, Transfers, and Special Items					17,271,460	(41,703)	17,229,757	(4,086,221)
Change in Net Position					132,120	2,119,638	2,251,758	(4,488,042)
Net Position - Beginning of Year					38,248,934	40,330,908	78,579,842	6,992,828
Net Position - End of Year					\$ 38,381,054	\$ 42,450,546	\$ 80,831,600	\$ 2,504,786

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Governmental Funds
December 31, 2025**

	General Fund	Capital Projects Funds	Fire and EMS Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 6,529,298	\$ 475,084	\$ 708,512	\$ 3,377,902	\$ 11,090,796
Receivables:					
Taxes	5,124,898	-	-	776,948	5,901,846
Delinquent Personal Property Taxes	85	-	-	-	85
Special Assessments	60,079	-	-	-	60,079
Accounts, Net of Allowance	-	-	469,751	-	469,751
Leases	239,535	-	-	-	239,535
Other	93,355	48,995	-	342,433	484,783
Due from Other Funds	1,685,819	-	-	268	1,686,087
Due from CDA	13,787	-	-	-	13,787
Prepaid Expenses	30,548	-	-	-	30,548
Total Assets	<u>\$ 13,777,404</u>	<u>\$ 524,079</u>	<u>\$ 1,178,263</u>	<u>\$ 4,497,551</u>	<u>\$ 19,977,297</u>

LIABILITIES

Accounts Payable	\$ 283,948	\$ 703,900	\$ 14,321	\$ 61,423	\$ 1,063,592
Accrued Liabilities	624,432	-	72,564	67,623	764,619
Due to Other Funds	1,990	535,025	-	431,554	968,569
Due to Other Governments	268	-	-	-	268
Total Liabilities	<u>910,638</u>	<u>1,238,925</u>	<u>86,885</u>	<u>560,600</u>	<u>2,797,048</u>

DEFERRED INFLOWS OF RESOURCES

	8,001,184	-	303,559	1,154,177	9,458,920
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FUND BALANCES

Nonspendable	30,633	-	-	-	30,633
Restricted	-	-	787,819	3,106,312	3,894,131
Assigned	1,938,236	-	-	-	1,938,236
Unassigned (Deficit)	2,896,713	(714,846)	-	(323,538)	1,858,329
Total Fund Balances (Deficits)	<u>4,865,582</u>	<u>(714,846)</u>	<u>787,819</u>	<u>2,782,774</u>	<u>7,721,329</u>

Total Liabilities, Deferred Inflows of Resources, and
Fund Balances (Deficits)

	<u>\$ 13,777,404</u>	<u>\$ 524,079</u>	<u>\$ 1,178,263</u>	<u>\$ 4,497,551</u>	<u>\$ 19,977,297</u>
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See accompanying notes to the basic financial statements

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2025**

Total fund balance, governmental funds	\$ 7,721,329
Amounts reported for governmental activities in the Statement of Net Position are different because:	
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.	46,844,384
The net pension asset (liability) is not a current financial resource and is, therefore, not reported in the fund statements.	(691,367)
The net OPEB asset (liability) is not a current financial obligation and is, therefore, not reported in the fund statements.	
Life Insurance	(295,587)
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.	1,960,533
Deferred inflows of resources are reported in the fund financial statement but are already recognized as earned in the Statement of Position. This represents EMS revenues recognized on the Statement of Activities but not in the fund financials.	307,384
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	1,514,223
Long-term debt non-current portion	14,517,342
Unamortized premium on debt	553,482
Compensated absences long-term portion	792,786
Accrued interest	87,791
Rounding	2
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 38,381,054</u>

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, 2025

	General Fund	Debt Service	Capital Projects Fund	Fire and EMS Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 4,507,731	\$ 1,952,572	\$ -	\$ -	\$ 374,366	\$ 6,834,669
Other Taxes	302,665	-	-	-	-	302,665
Special Assessment Revenue	4,870	-	-	-	-	4,870
Intergovernmental	5,319,435	-	-	751,787	680,864	6,752,086
License and Permits	405,884	-	-	-	-	405,884
Fines, Forfeits and Penalties	286,883	-	-	-	-	286,883
Public Charges for Services	68,003	-	-	1,088,615	689,608	1,846,226
Interest Income	585,931	-	68,705	-	21,647	676,283
Miscellaneous Income	465,805	-	209,387	16,397	96,159	787,748
Total Revenues	11,947,207	1,952,572	278,092	1,856,799	1,862,644	17,897,314

EXPENDITURES

Current:						
General Government	2,127,323	-	-	-	-	2,127,323
Public Safety	5,112,487	-	-	2,159,132	27,961	7,299,580
Public Works	1,766,788	-	-	-	234,867	2,001,655
Culture, Recreation and Education	591,118	-	-	-	2,327,468	2,918,586
Conservation and Development	-	-	-	-	634,196	634,196
Capital Outlay	1,620,701	-	5,114,006	50,490	303,010	7,088,207
Debt Service:						
Principal Repayment	-	1,261,405	-	-	-	1,261,405
Interest Expense	-	708,561	-	-	-	708,561
Total Expenditures	11,218,417	1,969,966	5,114,006	2,209,622	3,527,502	24,039,513
Excess (Deficiency) of Revenues Over Expenditures	728,790	(17,394)	(4,835,914)	(352,823)	(1,664,858)	(6,142,199)

OTHER FINANCING SOURCES (USES)

Transfers In	882,908	17,394	500	1,370,112	1,218,398	3,489,312
Transfers Out	(2,488,154)	-	(100,000)	(385,000)	(129,942)	(3,103,096)
Transfers Out to CDA	(30,000)	-	-	-	(125,000)	(155,000)
Total Other Financing Sources (Uses)	(1,635,246)	17,394	(99,500)	985,112	963,456	231,216
Net Change in Fund Balances	(906,456)	-	(4,935,414)	632,289	(701,402)	(5,910,983)
Fund Balances - Beginning of Year	5,772,038	-	4,220,568	155,530	3,484,176	13,632,312
Fund Balances (Deficits) - End of Year	\$ 4,865,582	\$ -	\$ (714,846)	\$ 787,819	\$ 2,782,774	\$ 7,721,329

See accompanying notes to the basic financial statements

**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, 2025**

Net change in fund balances - total governmental funds: \$ (5,910,983)

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 additions \$0 were greater than depreciation of \$0 in the current period.

-

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports the gain or (loss) on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

Reclassification of net capital assets originally reported on the discrete component unit's Statement of Activities.

4,419,362

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 government-wide financial statements in the current year but not yet recognized in the fund financial statements.

(84,561)

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.

Debt repayment - general obligation

1,261,405

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

112,317

Adjustment for increase in compensated absences

(82,335)

Adjustment for premium amortization

38,379

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.

378,536

Change in net position of governmental activities

\$ 132,120

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2025

Enterprise Funds

	Water	Wastewater	Stormwater	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 928,694	\$ 3,211,188	\$ -	\$ 4,139,882
Receivables				
Accounts	231,613	417,496	67,562	716,671
Interest	25,186	-	-	25,186
Leases- Current portion	29,990	-	-	29,990
Due from Other Funds	1,990	-	-	1,990
Inventories	22,500	-	-	22,500
Total Current Assets	<u>1,239,973</u>	<u>3,628,684</u>	<u>67,562</u>	<u>4,936,219</u>
Restricted Assets:				
Restricted Cash	780,675	3,198,047	-	3,978,722
Total Restricted Assets	<u>780,675</u>	<u>3,198,047</u>	<u>-</u>	<u>3,978,722</u>
Capital Assets:				
Construction Work-In-Progress	1,848,337	106,160	153,697	2,108,194
Land	224,506	4,498,925	-	4,723,431
Utility Plant	30,245,910	62,475,596	8,138,073	100,859,579
Less Accumulated Depreciation	(9,918,872)	(28,693,340)	(1,311,032)	(39,923,244)
Net Capital Assets	<u>22,399,881</u>	<u>38,387,341</u>	<u>6,980,738</u>	<u>67,767,960</u>
Noncurrent Assets:				
Special Assessments	44,775	-	-	44,775
Long-Term Lease Receivable	1,112,995	-	-	1,112,995
Total Noncurrent Assets	<u>1,157,770</u>	<u>-</u>	<u>-</u>	<u>1,157,770</u>
Total Assets	<u>25,578,299</u>	<u>45,214,072</u>	<u>7,048,300</u>	<u>77,840,671</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>218,732</u>	<u>260,693</u>	<u>93,624</u>	<u>573,049</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 25,797,031</u>	<u>\$ 45,474,765</u>	<u>\$ 7,141,924</u>	<u>\$ 78,413,720</u>

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2025

Enterprise Funds

	Water	Wastewater	Stormwater	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 110,115	\$ 264,693	\$ 36,810	\$ 411,618
Accrued Liabilities	30,408	36,036	11,616	78,060
Accrued Interest Payable	69,396	77,564	14,358	161,318
Due to Other Funds	-	-	712,038	712,038
Compensated Absences	13,801	19,083	10,156	43,040
Current Portion of Long-Term Debt	566,283	1,772,405	195,000	2,533,688
Total Current Liabilities	<u>790,003</u>	<u>2,169,781</u>	<u>979,978</u>	<u>3,939,762</u>
Non-Current Liabilities:				
Long-Term Debt				
Notes Payable	93,900	37,500	150,000	281,400
Bonds and Loans Payable	9,519,937	18,104,821	2,010,000	29,634,758
Unamortized Debt Premium	256,487	127,612	69,105	453,204
Total Long-Term Debt	<u>9,870,324</u>	<u>18,269,933</u>	<u>2,229,105</u>	<u>30,369,362</u>
Other Liabilities:				
Compensated Absences	25,141	40,577	40,216	105,934
Net Pension Liability	36,322	43,290	15,547	95,159
Total Other Liabilities	<u>61,463</u>	<u>83,867</u>	<u>55,763</u>	<u>201,093</u>
Total Non-Current Liabilities	<u>9,931,787</u>	<u>18,353,800</u>	<u>2,284,868</u>	<u>30,570,455</u>
Total Liabilities	<u>10,721,790</u>	<u>20,523,581</u>	<u>3,264,846</u>	<u>34,510,217</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	107,300	127,883	45,927	281,110
Deferred Leases Inflows	1,171,847	-	-	1,171,847
Total Deferred Inflows of Resources	<u>1,279,147</u>	<u>127,883</u>	<u>45,927</u>	<u>1,452,957</u>
NET POSITION				
Net Investment in Capital Assets	11,915,151	18,148,054	4,556,633	34,619,838
Restricted				
Debt	22,916	132,076	-	154,992
Capital	-	2,848,629	-	2,848,629
Unrestricted (Deficit)	1,858,027	3,694,542	(725,482)	4,827,087
Total Net Position	<u>13,796,094</u>	<u>24,823,301</u>	<u>3,831,151</u>	<u>42,450,546</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 25,797,031</u>	<u>\$ 45,474,765</u>	<u>\$ 7,141,924</u>	<u>\$ 78,413,720</u>

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025**

	Enterprise Funds			
	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
OPERATING REVENUES				
Charges for Services	\$ 2,929,807	\$ 4,129,865	\$ 539,440	\$ 7,599,112
Other Operating Revenues	-	-	17,000	17,000
Total Operating Revenues	<u>2,929,807</u>	<u>4,129,865</u>	<u>556,440</u>	<u>7,616,112</u>
OPERATING EXPENSES				
Operation and Maintenance	1,589,652	1,834,861	710,980	4,135,493
Depreciation	561,945	1,241,178	131,432	1,934,555
Total Operating Expenses	<u>2,151,597</u>	<u>3,076,039</u>	<u>842,412</u>	<u>6,070,048</u>
Operating Income (Loss)	<u>778,210</u>	<u>1,053,826</u>	<u>(285,972)</u>	<u>1,546,064</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	68,761	158,427	-	227,188
Miscellaneous Non-Operating Revenues	91,002	46,674	4,649	142,325
Intergovernmental Grants	-	203,800	-	203,800
Interest Expense	<u>(386,715)</u>	<u>(482,422)</u>	<u>(82,646)</u>	<u>(951,783)</u>
Total Non-Operating Revenue (Expenses)	<u>(226,952)</u>	<u>(73,521)</u>	<u>(77,997)</u>	<u>(378,470)</u>
Income (Loss) Before Contributions and Transfers	551,258	980,305	(363,969)	1,167,594
Capital Contributions and Grants	590,285	772,975	-	1,363,260
Transfers In	50,988	-	-	50,988
Transfers Out	<u>(437,204)</u>	-	<u>(25,000)</u>	<u>(462,204)</u>
Change in Net Position	755,327	1,753,280	(388,969)	2,119,638
Total Net Position - Beginning of Year	13,040,767	23,070,021	4,220,120	40,330,908
Total Net Position - End of Year	<u>\$ 13,796,094</u>	<u>\$ 24,823,301</u>	<u>\$ 3,831,151</u>	<u>\$ 42,450,546</u>

See accompanying notes to the basic financial statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Enterprise Funds			Totals
	Water	Wastewater	Stormwater	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 2,932,942	\$ 4,085,755	\$ 538,240	\$ 7,556,937
Receipt from other funds	-	-	694,844	694,844
Payments to suppliers	(556,226)	(649,741)	(352,751)	(1,558,718)
Payments to employees	(761,848)	(1,003,086)	(346,139)	(2,111,073)
Taxes paid	(437,204)	-	-	(437,204)
Net cash provided (used) by operating activities	1,177,664	2,432,928	534,194	4,144,786
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition and construction of plant assets	(2,282,273)	(1,758,225)	(209,051)	(4,249,549)
Proceeds of debt	454,920	659,887	-	1,114,807
Principal payments on long-term debt	(491,300)	(1,713,288)	(210,000)	(2,414,588)
Interest and debt issuance costs paid	(403,235)	(489,976)	(90,143)	(983,354)
Contributions from (to) other funds	50,988	-	(25,000)	25,988
Proceeds from capital grants	590,285	772,975	-	1,363,260
Net cash provided (used) by capital and related financing activities	(2,080,615)	(2,528,627)	(534,194)	(5,143,436)
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	44,010	158,427	-	202,437
Net cash provided (used) by investing activities	44,010	158,427	-	202,437
Net increase (decrease) in cash and equivalents	(858,941)	62,728	-	(796,213)
Cash and equivalents - beginning of year	2,568,310	6,346,507	-	8,914,817
Cash and equivalents - end of year	\$ 1,709,369	\$ 6,409,235	\$ -	\$ 8,118,604

See accompanying notes to basic financial statements

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025**

	Enterprise Funds			
	Water	Wastewater	Stormwater	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 778,210	\$ 1,053,826	\$ (285,972)	\$ 1,546,064
Adjustments to Reconcile Operating Income (Loss):				
Depreciation	637,368	1,240,155	131,432	2,008,955
Leases	20,199	-	-	20,199
Pension expense	15,946	14,720	2,235	32,901
Tax equivalent	(437,204)	-	-	(437,204)
Other income (expense)	73,502	37,480	-	110,982
Cash Provided (Used) by Operating Activities:				
Changes in Assets and Liabilities:				
Customer accounts receivable	3,135	(44,110)	(18,200)	(59,175)
Other accounts receivable	14,925	-	-	14,925
Due from/to other funds	-	-	694,844	694,844
Accounts payable	68,675	115,891	927	185,493
Accrued liabilities	(4,906)	984	2,741	(1,181)
Compensated absences	7,814	13,982	6,187	27,983
Net cash provided (used) by operating activities	<u>\$ 1,177,664</u>	<u>\$ 2,432,928</u>	<u>\$ 534,194</u>	<u>\$ 4,144,786</u>
<u>Noncash Activity</u>				
Plant financed through accounts payable	<u>\$ 48,123</u>	<u>\$ 196,949</u>	<u>\$ -</u>	<u>\$ 245,072</u>
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and cash equivalents	\$ 928,694	\$ 3,211,188	\$ -	\$ 4,139,882
Restricted cash	780,675	3,198,047	-	3,978,722
Total cash and cash equivalents	<u>\$ 1,709,369</u>	<u>\$ 6,409,235</u>	<u>\$ -</u>	<u>\$ 8,118,604</u>

See accompanying notes to basic financial statements

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Tax Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 4,632,735
Receivables:	
Taxes Receivable	6,363,186
Total Assets	<u>\$ 10,995,921</u>
LIABILITIES	
Due to Other Funds	\$ 7,202
Due to Other Governments	10,988,719
Total Liabilities	<u>\$ 10,995,921</u>

See accompanying notes to the basic financial statements

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2025

	Tax Custodial Fund
ADDITIONS	
Property tax collections for other governments	\$ 7,617,461
Total additions	<u>7,617,461</u>
DEDUCTIONS	
Payments of taxes to other governments	7,617,461
Total deductions	<u>7,617,461</u>
Net increase (decrease) in fiduciary net position	-
Net position - Beginning of Year	-
Net position - End of Year	<u><u>\$ -</u></u>

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 2025. The CDA does not issue separate financial statements.

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.

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.

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

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 nonmajor 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.

Capital Projects Fund – Accounts for the acquisition or construction of major capital facilities and infrastructure.

Fire and EMS Fund – Accounts for revenues and expenditures related to the City’s Fire and EMS department.

1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

Major and Nonmajor Enterprise Funds

The City reports the following 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 (Major Fund)

Nonmajor Governmental Funds

The City reports the following nonmajor 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. Nonmajor 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
- Aquatic Center Capital Fund

1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

Nonmajor Governmental Funds (Continued)

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). Nonmajor capital projects funds included in these statements are the following:

Tax Incremental District No's. 10-14
Housing Fund

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government *controls* the assets that finance the activity, b) Assets are *not* generated from the *government's own-source revenues* or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a *qualifying trust* or the government does *not* have *administrative involvement* and the assets are *not* generated from the *government's delivery of goods or services* to the beneficiaries, *or* the assets are for the benefit of *entities that are not part of the government's reporting entity*.

The City reports the following fiduciary funds:

Custodial 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 tax collections payable to overlying taxing jurisdictions in a custodial 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.

1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

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, Wastewater, and Stormwater utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and deferred inflows 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.

1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

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 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, Wastewater, and Stormwater utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Summary of Significant Accounting Policies (Continued)

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, technical college district, village, city, town, 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 and the Wisconsin Aerospace Authority.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in-transit. See Note 2 for additional information.

1. Summary of Significant Accounting Policies (Continued)

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

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 – 2025 tax roll

Lien date and levy date	December, 2025
Tax Bills mailed	December, 2025
Payment in full, or	January 31, 2026
First installment due	January 31, 2026
Second installment due	July 31, 2026

Allowance for Uncollectible Accounts

General Fund accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end. Accounts receivable related to Fire/EMS charges have been shown net of an allowance for uncollectible accounts of \$350,697 in the Fire and EMS Fund.

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 Wastewater billings because the utilities have the right by law to place delinquent bills on tax roll and other delinquent bills are not significant.

Leases as Lessor

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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 also 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.

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 acquisition 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.

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

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 8 to 77 years for the Water Utility and 4 to 100 years 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 65 to 85 years.

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

Fund Financial Statements

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

Debt Issuance Costs

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

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements. The City applies a First-In, First-Out (“LIFO”) flows assumption when estimating its compensated absences liability. Under this assumption, employees are considered to use leave earned in prior years before current-year accumulated leave.

Amounts of accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the statement of net position. A liability is also recorded for accumulating rights to receive sick pay benefits for the portion more likely than not to be used by employees. Additionally, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will more likely than not be paid out by cash or non-cash means upon termination. The City accrues salary-related payments associated with payments of compensated absences.

Payments for leave benefits will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2025 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.

1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations/Conduit Debt (Continued)

For the government-wide statements and the proprietary fund statements, bond premiums and discounts are 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 had 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.

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.

1. Summary of Significant Accounting Policies (Continued)

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

Equity Classifications (Continued)

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.
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.

The City’s fund balance policy states the City will strive to maintain an unassigned fund balance of 20% of current year operating expenditures in the General Fund. Unassigned fund balance in excess of 20% may be used only for the funding of non-recurring expenditures.

When restricted and other fund balance resources are available for use, it is the City’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

E. Utility Rates

Current water rates were approved by the City, as regulated by the Wisconsin Public Service Commission, effective April 28, 2023. Current wastewater rates were approved by the City Council on June 27, 2019 and stormwater rates were approved by the City Council on December 29, 2015.

1. Summary of Significant Accounting Policies (Continued)

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 nonmajor funds that have deficit balances at year-end. As of December 31, 2025, the following individual funds held a deficit balance:

Taxicab Grant Program Fund	\$ (98,543)
Forestry Fund	(10,673)
Aquatic Center Capital Fund	(45,484)
TIF 13	(6,872)
TIF 14	(161,966)

The TIF deficits are anticipated to be replenished with future increments. The other nonmajor funds deficit is financed internally and will be monitored over the next few years.

H. Tax Incremental Financing District

The City has 5 active Tax Incremental Districts (“TIF’s”). TIFs 10-14 are in existence. TIF’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 and Grants

Capital contributions represent the value of infrastructure contributed or paid by developers for plant. Capital grants represent funding provided by a higher level of government for the purpose to acquire, construct, or improve capital assets. 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. Pensions

The fiduciary net position of the Wisconsin Retirement System (“WRS”) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

1. Summary of Significant Accounting Policies (Continued)

J. Pensions (Continued)

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. 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.

K. Other Post-Employment Benefits

Group Life Insurance Plan

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 following:

- Net Other Postemployment Benefits ("OPEB") Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs, and
- OPEB Expense (Revenue).

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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Deferred Outflows of Resources and Inflows of Resources

In addition to assets, the statement of net 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 net 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 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 2026, and deferred inflows related to lease accounting, the WRS pension system, and the LRLIF.

The net position of the City is significantly impacted by the combined effect of deferred outflows and inflows of resources from the pension and OPEB plans.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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1. Summary of Significant Accounting Policies (Continued)

M. Change in Accounting Principles

Effective January 1, 2025, the City adopted GASB Statement No. 102, *Certain Risk Disclosures*. GASB Statement No. 102 was issued to improve transparency by providing users of financial statements with information about risks that could significantly affect a government’s ability to meet obligations and provide services. The City did not have any certain risks requiring disclosure in the financial statements.

2. Cash and Cash Equivalents

As previously discussed, cash for all City funds is pooled for investment purposes. At December 31, 2025, the cash and investments consist of the following:

	Carrying Value	Bank Balance	Associated Risk
Deposits in financial institutions - City	\$ 19,273,451	\$ 19,059,242	Custodial credit risk, interest rate risk
Deposits in financial institutions - CDA	929,401	929,401	Custodial credit risk, interest rate risk
LGIP	4,691,985	4,691,985	Credit risk, interest rate risk
Total Cash and Investments	\$ 24,894,837	\$ 24,680,628	

Reconciliation to Financial Statements

Per Statement of Net Position

Primary Government

Cash and Cash Equivalents \$ 15,230,678

Restricted Cash and Cash 3,978,722

Component Unit 1,052,702

Fiduciary Funds

Tax Custodial Fund 4,632,735

Total Cash and Cash Equivalents \$ 24,894,837

2. Cash and Cash Equivalents/Investments (Continued)

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, 2025, the Local Government Investment Pool (“LGIP”) investments have an average maturity of 13 days and a fair value of \$4,691,985.

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, 2025, 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, 2025 was: 97% in U.S. Government Securities and 3% in Certificates of Deposits, Commercial Paper, and Time Deposits. 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.

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.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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2. Cash and Cash Equivalents/Investments (Continued)

C. Custodial Credit Risk (Continued)

Bank accounts, credit union accounts, and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. 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 uninsured deposits in financial institutions are collateralized by various instruments. These include depository bonds and collateralized investments.

As of December 31, 2025, the City's deposits with financial institutions in excess of federal depository insurance limits that were exposed to custodial credit risk are listed below:

Uninsured and collateralized by the pledging financial institution's trust department or agent not in the City's name	<u>\$ 10,464,707</u>
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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.

3. Receivables

The following accounts receivable amounts are not expected to be collected within one year:

	<u>General</u>
Delinquent personal property taxes	\$ 85
Delinquent special charges	<u>6,374</u>
Total	<u>\$ 6,459</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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3. Receivables (Continued)

The City has entered into lease agreements where the City leases office space and space on its water tower for telecommunication equipment. In the statement of activities, lease revenue for the year ended December 31, 2025 was as follows:

	For the Year Ended December 31, 2024			
	Governmental Activities	Business-type Activities	Component Unit	Total
Lease-related Revenue				
Lease Revenue				
Land and Equipment	\$ 17,233	\$ 50,919	\$ -	\$ 68,152
Office Space	13,605	-	184,074	197,679
Total Lease Revenue	30,838	50,919	184,074	265,831
Interest Revenue	6,496	34,514	27,034	68,044
Total	\$ 37,334	\$ 85,433	\$ 211,108	\$ 333,875

Aggregate future cash flows for the revenue generated by the lease receivables and interest for the City as of December 31, 2025 were as follows:

Year Ended December 31,	Governmental Activities		Business-type Activities		Component Unit		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 52,387	\$ 9,113	\$ 29,990	\$ 51,181	\$ 173,444	\$ 20,658	\$ 255,821	\$ 80,952
2027	54,743	7,057	31,530	49,944	158,949	14,244	245,222	71,245
2028	56,882	4,918	24,544	48,645	83,750	9,250	165,176	62,813
2029	59,106	2,694	17,379	47,621	87,162	5,838	163,647	56,153
2030	16,417	383	28,513	46,862	90,714	2,286	135,644	49,531
2031-2035	-	-	174,584	214,413	7,725	25	182,309	214,438
2036-2040	-	-	281,427	166,995	-	-	281,427	166,995
2041-2045	-	-	355,549	94,250	-	-	355,549	94,250
2046-2050	-	-	199,469	24,784	-	-	199,469	24,784
Total	\$ 239,535	\$ 24,165	\$ 1,142,985	\$ 744,695	\$ 601,744	\$ 52,301	\$ 1,984,264	\$ 821,161

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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3. Receivables (Continued)

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 December 31, 2025, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Total</u>
Property taxes for subsequent year	\$ 8,893,951	\$ 8,893,951
Tournament entry fees	3,825	3,825
Leases	257,585	257,585
Fire & EMS revenue	303,559	303,559
Total Deferred Inflows of Resources		
For Governmental Funds	\$ 9,458,920	\$ 9,458,920

4. Restricted Assets

The following represent the balances of the restricted cash and cash equivalents as of December 31, 2025:

	Water Utility	Wastewater Utility	Totals
Restricted Assets			
Redemption account	\$ 47,580	\$ 166,551	\$ 214,131
Reserve account	733,095	182,867	915,962
Connection account	-	411,793	411,793
DNR Replacement account	-	2,436,836	2,436,836
Total Restricted Assets	\$ 780,675	\$ 3,198,047	\$ 3,978,722

Long-Term Debt Accounts

Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.

Equipment Replacement Account

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

CITY OF WHITEWATER
Notes to the Basic Financial Statements
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5. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2025, was as follows:

	1/1/2025 Beginning Balance	Additions	Deletions	12/31/2025 Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 3,519,382	\$ -	\$ -	\$ 3,519,382
Land	2,735,526	-	-	2,735,526
Right of Way	1,879,406	-	-	1,879,406
Land Improvements	4,841,168	-	-	4,841,168
Total Capital Assets				
Not Being Depreciated	12,975,482	-	-	12,975,482
Capital Assets Being Depreciated				
Land Improvements	2,668,377	-	-	2,668,377
Buildings	12,552,377	-	-	12,552,377
Traffic and Street Lights	1,471,875	-	-	1,471,875
Machinery and Equipment	9,941,413	-	-	9,941,413
Streets	28,778,556	-	-	28,778,556
Sidewalks	1,800,578	-	-	1,800,578
Curb and Gutter	1,291,651	-	-	1,291,651
Total Capital Assets				
Being Depreciated	58,504,827	-	-	58,504,827
Total Accumulated Depreciation	29,055,287	-	-	29,055,287
Capital Assets, Net of Depreciation	<u>\$ 42,425,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,425,022</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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5. Capital Assets (Continued)

Depreciation expense for the governmental activities is as follows:

Government Activities			
General Government			\$ -
Public Safety			-
Public Works, which includes the depreciation of streets (including curb and gutter) and sidewalks			-
Culture, Recreation and Education			-
Total Governmental Activities Depreciation Expense			\$ -

Capital asset activity in the business-type activities for the year ended December 31, 2025, was as follows:

<u>Water</u>	1/1/2025 Beginning Balance	Additions	Deletions	12/31/2025 Ending Balance
Capital Assets Not Being Depreciated				
Construction in progress	\$ 369,343	\$ -	\$ -	\$ 369,343
Land and land rights	224,506	-	-	224,506
Total Capital Assets Not Being Depreciated	593,849	-	-	593,849
Capital Assets Being Depreciated				
Source of supply	1,713,632	-	-	1,713,632
Pumping	1,171,485	-	-	1,171,485
Water treatment	1,595,440	-	-	1,595,440
Transmission and distribution	24,148,651	-	-	24,148,651
Administrative and general assets	1,063,232	-	13,200	1,050,032
Total Capital Assets Being Depreciated	29,692,440	-	13,200	29,679,240
Total Capital Assets	30,286,289	-	13,200	30,273,089
Less: Accumulated depreciation	(9,483,190)	(560,571)	-	(10,043,761)
Net Capital Assets	\$ 20,803,099	\$ (560,571)	\$ 13,200	\$ 20,229,328

CITY OF WHITEWATER
Notes to the Basic Financial Statements
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5. Capital Assets (Continued)

	1/1/2025 Beginning Balance	Additions	Deletions	12/31/2025 Ending Balance
<u>Wastewater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 3,387,900	\$ -	\$ -	\$ 3,387,900
Land and land rights	4,498,925	-	-	4,498,925
Total Capital Assets Not Being Depreciated	7,886,825	-	-	7,886,825
Capital Assets Being Depreciated				
Collection system	18,232,083	-	-	18,232,083
Treatment and disposal	37,645,225	-	-	37,645,225
General	1,880,187	-	-	1,880,187
Total Capital Assets Being Depreciated	57,757,495	-	-	57,757,495
Total Capital Assets	65,644,320	-	-	65,644,320
Less: Accumulated depreciation	(27,578,100)	(1,235,263)	-	(28,813,363)
Net Capital Assets	\$ 38,066,220	\$ (1,235,263)	\$ -	\$ 36,830,957
	1/1/2025 Beginning Balance	Additions	Deletions	12/31/2025 Ending Balance
<u>Stormwater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 6,974	\$ -	\$ -	\$ 6,974
Total Capital Assets Not Being Depreciated	6,974	-	-	6,974
Capital Assets Being Depreciated				
Infrastructure	8,075,746	-	-	8,075,746
Less: Accumulated depreciation	(1,179,600)	(130,431)	-	(1,310,031)
Net Capital Assets	\$ 6,903,120	\$ (130,431)	\$ -	\$ 6,772,689

Listed below is the depreciation expense for the utilities.

Business Type Activities

Water Utility	\$ 535,221
Wastewater Utility	1,260,613
Stormwater Utility	130,431
Total Business-Type Activities Depreciation Expense	\$ 1,926,265

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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6. Interfund Receivables/Payables 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	Capital Project	\$ 535,025
General Fund	Cable TV	3,268
General Fund	Taxicab Grant Program Fund	200,949
General Fund	Forestry Fund	12,116
General Fund	Police Dept. Trust Fund	899
General Fund	Aquatic Center Capital Fund	45,484
General Fund	TIFs 13 and 14	168,838
General Fund	Tax Custodial Fund	7,202
General Fund	Stormwater Utility	712,038
Subtotal - General Fund		1,685,819
Rescue Squad Equipment/Educ. Fund	General Fund	268
Subtotal - Other Funds		268
Water Utility	General Fund	1,990
Subtotal - Proprietary Funds		1,990
Subtotal - Fund Financial Statements		1,688,077
Less: Fund Eliminations		(978,029)
Total - Government-Wide Statements		\$ 710,048
Receivable Fund	Payable Fund	Amount
Governmental Activities	Tax Collection Fund	\$ 7,202
Governmental Activities	Component Unit Activities	13,787
Governmental Activities	Business-Type Activities	710,048
	Total	\$ 731,037

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, and business-type activities are netted and eliminated.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
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6. Interfund Receivables/Payables and Transfers (Continued)

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Parking Permit Fund	\$ 35,704	Administrative
General Fund	Fire and EMS Fund	385,000	Administrative
General Fund	Water and Wastewater	437,204	Tax equivalent
General Fund	Stormwater Utility	25,000	Capital equipment
Subtotal - General Fund		<u>882,908</u>	
Capital Projects Funds	General Fund	500	Appropriation
Fire and EMS Fund	General Fund	1,370,112	Appropriation
Debt Service Fund	TIF 12	13,200	Debt service payment
Debt Service Fund	General Fund	4,194	Debt service payment
Subtotal - Debt Service Fund		<u>17,394</u>	
Cable TV Fund	General Fund	32,315	Appropriation
Taxicab Grant Program Fund	General Fund	5,000	Appropriation
Aquatic Center Fund	General Fund	266,530	Appropriation
Aquatic Center Fund	Capital Projects Funds	90,891	Appropriation
Aquatic Center Capital Fund	Capital Projects Funds	100,000	Capital improvements
Parks and Recreation Fund	General Fund	249,242	Appropriation
Parks and Recreation Fund	Field of Dreams Fund	5,050	Appropriation
Library Special Revenue Fund	General Fund	469,370	Appropriation
Subtotal - Nonmajor Funds		<u>1,218,398</u>	
Water Utility	TIFs 10, 11, and 13	50,988	Debt Service Payments
Subtotal - Enterprise Funds		<u>50,988</u>	
Sub-Total – Fund Financial Statements		3,523,406	
Less: Fund Eliminations		<u>(3,137,190)</u>	
Total – Government-Wide Statement of Activities - Primary Government		<u>\$ 386,216</u>	
CDA	Housing	\$ 50,000	Economic development
CDA	TIFs 10, 11, and 12	75,000	Economic development
CDA	General Fund	30,000	Economic development
CDA	Stormwater	25,000	Economic development
Subtotal - CDA		<u>180,000</u>	
Governmental Activities	CDA	4,419,362	Reclassification of capital assets
Total – Government-Wide Statement of Activities - Component Unit		<u>\$ (4,239,362)</u>	

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Notes to the Basic Financial Statements
December 31, 2025

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6. Interfund Receivables/Payables and Transfers (Continued)

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.

7. Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2025.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Notes and Bonds	\$ 16,620,000	\$ -	\$ (1,150,000)	\$ 15,470,000	\$ 1,220,000
Notes from Direct Borrowings	492,315	-	(111,405)	380,910	113,568
Total Bonds and Notes Payable	<u>17,112,315</u>	<u>-</u>	<u>(1,261,405)</u>	<u>15,850,910</u>	<u>1,333,568</u>
Other Liabilities					
Unamortized Debt Premium	591,861	-	(38,379)	553,482	-
Compensated Absences	891,106	82,335	-	973,441	180,655
Total Other Liabilities	<u>1,482,967</u>	<u>82,335</u>	<u>(38,379)</u>	<u>1,526,923</u>	<u>180,655</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 18,595,282</u>	<u>\$ 82,335</u>	<u>\$ (1,299,784)</u>	<u>\$ 17,377,833</u>	<u>\$ 1,514,223</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General Obligation Notes and Bonds	\$ 8,230,000	\$ -	\$ (585,000)	\$ 7,645,000	\$ 585,000
Bonds from Direct Borrowings	16,634,627	1,114,807	(1,454,588)	16,294,846	1,558,688
Revenue Bonds	8,885,000	-	(375,000)	8,510,000	390,000
Total Bonds and Notes Payable	<u>33,749,627</u>	<u>1,114,807</u>	<u>(2,414,588)</u>	<u>32,449,846</u>	<u>2,533,688</u>
Other Liabilities					
Unamortized Debt Premium	484,547	-	(31,343)	453,204	-
Compensated Absences	120,991	27,983	-	148,974	43,040
Total Other Liabilities	<u>605,538</u>	<u>27,983</u>	<u>(31,343)</u>	<u>602,178</u>	<u>43,040</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 34,355,165</u>	<u>\$ 1,142,790</u>	<u>\$ (2,445,931)</u>	<u>\$ 33,052,024</u>	<u>\$ 2,576,728</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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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, 2025, is \$55,102,830. Debt subject to the limit is \$24,126,030.

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 12/31/25</u>	<u>Current Portion</u>
Governmental Activities						
2012 GO Refunding						
Bonds	5/17/2012	9/1/2031	.85-3.25%	\$ 5,020,000	\$ 1,925,000	\$ 300,000
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 2,645,000	1,105,000	385,000
2018 GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 2,535,000	2,115,000	-
2019 GO						
Promissory Notes	7/23/2019	7/23/2029	2.49%	\$ 703,500	231,000	57,750
2020 GO Bonds	7/8/2020	6/1/2040	2.0-2.1%	\$ 1,450,000	695,000	40,000
2022 GO Bonds	3/30/2022	6/1/2041	3.0-4.0%	\$ 4,165,000	3,935,000	95,000
2022 GO						
Promissory Notes	12/9/2022	12/15/2032	3.99%	\$ 304,500	149,910	55,818
2024 GO						
Promissory Notes	7/17/2024	6/1/2044	4.0-5.0%	\$ 6,000,000	<u>5,695,000</u>	<u>400,000</u>
Total Governmental Activities -- General Obligation Debt					<u>\$ 15,850,910</u>	<u>\$ 1,333,568</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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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</u>			
	<u>General Obligation Bonds and</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,220,000	\$ 550,383	\$ 113,568	\$ 11,180
2027	985,000	515,005	115,817	7,493
2028	1,085,000	481,990	64,526	4,258
2029	1,165,000	443,565	64,803	2,535
2030	1,230,000	396,452	7,338	813
2031-2035	4,775,000	1,349,385	14,858	727
2036-2040	3,465,000	590,973	-	-
2041-2044	1,545,000	105,347	-	-
Totals	\$ 15,470,000	\$ 4,433,100	\$ 380,910	\$ 27,006

B. Business-Type Debt

The following is business-type debt outstanding:

Business-type Activities Debt

	<u>Date of</u>	<u>Final Maturity</u>	<u>Interest</u>	<u>Original</u>	<u>Balance</u>	<u>Current</u>
	<u>Issuance</u>	<u>Final Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>12/31/25</u>	<u>Portion</u>
<u>Water Utility</u>						
2022 Mortgage						
Revenue Bonds	6/9/2022	5/1/2042	4.0-5.0%	\$ 4,625,000	\$ 5,555,000	\$ 235,000
2024 Revenue Bonds	7/17/2024	5/1/2044	4.0-5.0%	\$ 1,275,000	1,250,000	40,000
					6,805,000	275,000
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 510,000	160,000	40,000
2018 GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 1,850,000	1,275,000	95,000
2019 GO Promissory						
Notes	7/23/2019	7/23/2029	2.49%	\$ 313,000	125,200	31,300
2020 GO Bonds	7/8/2020	6/1/2040	2.0-2.1%	\$ 1,730,000	1,360,000	80,000
2025 GO Promissory						
Notes	8/27/2025	5/1/2035	0.25%	\$ 454,920	454,920	44,983
				Total Water Utility G.O. Debt	3,375,120	291,283
				Total Water Utility Long-Term Debt	10,180,120	566,283

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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7. Long-Term Obligations (Continued)

B. Business-Type Debt (Continued)

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/25</u>	<u>Current Portion</u>
<u>Wastewater Utility</u>						
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	\$ 2,766,890	\$ 729,353	\$ 174,569
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	\$ 614,198	223,659	35,102
2016 Clean Water Fund Loan	4/13/2016	5/1/2035	2.10%	\$ 20,799,553	13,123,489	1,193,054
2022 Mortgage Revenue Bonds	6/9/2022	5/1/2042	4.0-5.0%	\$ 3,565,000	1,620,000	110,000
2024 Clean Water Fund Loan	8/14/2024	5/1/2044	2.365%	\$ 1,626,586	1,588,225	67,180
2024 Revenue Bonds	7/17/2024	5/1/2034	4.0-5.0%	\$ 90,000	85,000	5,000
				Total Wastewater Utility Revenue Bonds	17,369,726	1,584,905
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 220,000	65,000	15,000
2018 GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 1,355,000	1,020,000	75,000
2019 GO Promissory Notes	7/23/2019	7/23/2029	2.49%	\$ 133,500	50,000	12,500
2020 GO Bonds	7/8/2020	6/1/2040	2.0-2.1%	\$ 1,795,000	1,410,000	85,000
				Total Wastewater Utility G.O. Debt	2,545,000	187,500
				Total Wastewater Utility Long-Term Debt	19,914,726	1,772,405
<u>Stormwater Utility</u>						
2012 GO Refunding Bonds	5/17/2012	9/1/2031	.85-3.25%	\$ 455,000	180,000	30,000
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 905,000	280,000	65,000
2018 GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 800,000	560,000	35,000
2020 GO Bonds	7/8/2020	6/1/2040	2.0-2.1%	\$ 220,000	170,000	10,000
2022 GO Bonds	3/30/2022	6/1/2041	3.0-4.0%	\$ 965,000	840,000	45,000
2024 GO Promissory Notes	7/17/2024	6/1/2044	4.0-5.0%	\$ 350,000	325,000	10,000
				Total Stormwater Utility G.O. Debt	2,355,000	195,000
				Total Business-type Activities Long-Term Debt	\$ 32,449,846	\$ 2,533,688

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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7. Long-Term Obligations (Continued)

B. Business-Type Debt (Continued)

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

<u>Years</u>	<u>General Obligation Bonds and</u>		<u>Business-Type Activities</u>		<u>Revenue Bonds</u>	
	<u>Notes</u>		<u>Bonds from Direct</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2026	\$ 585,000	\$ 213,747	\$ 1,558,688	\$ 328,908	\$ 390,000	\$ 360,169
2027	605,000	194,047	1,591,365	294,774	325,000	342,294
2028	620,001	177,482	1,624,775	259,905	260,000	327,669
2029	630,000	160,401	1,658,934	224,266	285,000	314,044
2030	515,000	142,586	1,454,265	190,708	355,000	298,044
2031-2035	2,599,999	488,303	7,566,594	493,503	2,285,000	1,194,812
2036-2040	1,930,001	147,837	444,904	73,543	3,040,000	650,328
2041-2044	159,999	18,331	395,321	18,972	1,570,000	81,056
Totals	<u>\$ 7,645,000</u>	<u>\$ 1,542,734</u>	<u>\$ 16,294,846</u>	<u>\$ 1,884,579</u>	<u>\$ 8,510,000</u>	<u>\$ 3,568,416</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.

D. Bond Covenant Disclosures

The information on the following page is provided in compliance with the resolution creating the City’s revenue bonds and Clean Water Fund loans.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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7. Long-Term Obligations (Continued)

D. Bond Covenant Disclosures (Continued)

Insurance

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

Debt Coverage

Under terms of the resolution providing for the issue of revenue bonds, revenue less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 or 1.20 times the highest annual debt service of the bonds. The coverage only include revenue debt and does not include general obligation or other debt. The debt coverage requirements on the revenue bonds and Clean Water Fund loans are associated with the water utility only. The coverage requirements were met in 2025 as follows:

	Water Revenue Bonds	Sewer Clean Water Fund Loan and Revenue Bonds
Operating revenues	\$ 2,929,807	\$ 4,129,865
Investment income	68,761	158,427
Less: Operation and maintenance expenses	(1,589,652)	(1,834,861)
Net Earnings	\$ 1,408,916	\$ 2,453,431
Minimum Required Earnings per Resolution:		
Highest annual debt service revenue bonds	\$ 600,297	\$ 1,984,070
Coverage factor	1.20	1.20
Minimum Required Earnings	\$ 720,356	\$ 2,380,884

8. Commitments

Construction

The City has committed up to \$3 million for a library expansion. The total costs anticipated are \$5.057 million. As of December 31, 2025, library renovations totaling \$2,020,471 were completed and are reported as construction work-in-progress on the Statement of Financial Position.

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Notes to the Basic Financial Statements
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9. Fund Balances

Fund balances as of December 31, 2025, 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	\$ 85	\$ -	\$ -	\$ -
Prepaid expenses	30,548	-	-	-
Fire Department Equipment	-	-	995,620	-
DPW Equipment Revolving Fund	-	-	239,325	-
Police Vehicle Revolving Fund (deficit)	-	-	-	(182,310)
Building Repair Fund	-	-	51,216	-
Skate Park Fund	-	-	5,433	-
Solid Waste/Recycling Fund	-	-	7,935	-
Sick Leave Severance Fund	-	-	53,721	-
Lakes Improvements Fund (deficit)	-	-	-	(379)
Street Repair Revolving Fund	-	-	290,397	-
Insurance Fund	-	-	85,072	-
Elections Fund	-	-	22,852	-
Health Insurance Fund	-	-	186,665	-
Unassigned	-	-	-	3,082,402
Total General Fund	<u>\$ 30,633</u>	<u>\$ -</u>	<u>\$ 1,938,236</u>	<u>\$ 2,899,713</u>

Fire and EMS

Fund balance	<u>\$ 787,819</u>
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Capital Projects

Fund deficit	<u>\$ (714,846)</u>
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Notes to the Basic Financial Statements
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9. Fund Balances (Continued)

<u>Non-Major Funds</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Special Revenue Funds				
Cable TV Fund	\$ -	\$ 28,901	\$ -	\$ -
Library Special Revenue Fund	-	547,261	-	-
Taxicab Grant Program Fund (deficit)	-	-	-	(98,543)
Parkland Acquisition Fund	-	85,983	-	-
Parkland Development Fund	-	11,416	-	-
Forestry Fund (deficit)	-	-	-	(10,673)
Rescue Squad Equipment/Education Fund	-	120,279	-	-
Parking Permit Fund	-	68,217	-	-
Police Dept. Trust Fund	-	88,341	-	-
Parks and Recreation Fund	-	34,691	-	-
Field of Dreams Fund	-	55,981	-	-
Aquatic Center Capital Fund (deficit)	-	-	-	(45,484)
Capital Projects Funds				
TIF 10	-	126,222	-	-
TIF 11	-	25,086	-	-
TIF 12	-	33,129	-	-
TIF 13 (deficit)	-	-	-	(6,872)
TIF 14 (deficit)	-	-	-	(161,966)
Housing	-	1,880,805	-	-
Total Non-Major Funds	<u>\$ -</u>	<u>\$ 3,106,312</u>	<u>\$ -</u>	<u>\$ (323,538)</u>

See Note 1. G. for an explanation of fund deficits.

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 Annual Comprehensive Financial Report (“ACFR”), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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 Basic Financial Statements
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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:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)
2024	3.6	15.0

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, 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 \$763,967 in contributions from the municipality.

Contribution rates as of December 31, 2025, are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.95%	6.95%
Protective with Social Security	6.95%	14.95%
Protective without Social Security	6.95%	18.95%

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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10. Defined Benefit Pension Plan (Continued)

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

At December 31, 2025, the City reported a liability (asset) of \$793,042 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024. 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, 2024, the City’s proportion was 0.04826307%, which was an increase of 0.00400449% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of \$1,059,913.

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

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,462,829	\$ (2,314,287)
Net differences between projected and actual earnings on pension plan investments	1,205,069	-
Changes in assumptions	235,310	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,758	(28,452)
Employer contributions subsequent to the measurement date	868,745	-
Total	\$ 4,775,711	\$ (2,342,739)

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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10. Defined Benefit Pension Plan (Continued)

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

\$868,745 reported as deferred outflows of resources related to pension resulting from the WRS Member'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, 2026. 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
2026	\$ 471,866
2027	1,637,302
2028	(414,542)
2029	(130,399)
Total	\$ 1,564,227

G. Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability (Asset):	December 31, 2024
	January 1, 2021 - December 31 2023
Experience Study:	Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Act deferred gains/losses on the liability for dividend payments.

10. Defined Benefit Pension Plan (Continued)

G. Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including seniority (merit) and separation rates. The Total Pension Liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns¹
As of December 31, 2024

<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> %	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Public Equity	38	7.0	4.3
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage ³	(12)	3.7	1.1
Total Core Fund	100	7.5	4.8
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	4.2

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%.

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

10. Defined Benefit Pension Plan (Continued)

I. Single Discount Rate

A single discount rate of 6.8% was used to measure the Total Pension Liability for the current year and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% 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 municipal bond 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'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 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability (asset)	\$ 7,439,770	\$ 793,042	\$ (3,929,267)

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 <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

L. Allocation of Pension Plan

Pension amounts are allocated between the General Fund, Proprietary Funds and CDA based upon the required contributions of each fund to the whole.

11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance 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 Postemployment life insurance benefits for all eligible members.

B. OPEB Plan Fiduciary Net Position

ETF issues a standalone ACFR, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

C. Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members 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 member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2025, are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of Member Contribution

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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**11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan
(Continued)**

D. Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members 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, 2023 are as listed below:

Life Insurance		
Member Contribution Rates*		
For the year ended December 31, 2024		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$1,589 in contributions from the employer.

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

At December 31, 2025, the City reported a liability (asset) of \$295,587 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2024 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2024, rolled forward to December 31, 2024. 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, 2024, the City’s proportion was 0.075554%, which was a decrease of 0.004119% from its proportion measured as of December 31, 2024.

For the year ended December 31, 2025, the City recognized OPEB expense of \$2,698.

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Notes to the Basic Financial Statements
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**11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan
(Continued)**

**E. OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEBs (Continued)**

At December 31, 2025 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	\$ -	\$ (30,751)
Net differences between projected and actual earnings on plan investments	4,059	-
Changes in actuarial assumptions	72,528	(165,788)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(42,129)
Employer contributions subsequent to the measurement date	1,573	-
Totals	\$ 78,160	\$ (238,668)

\$1,573 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense(revenue) as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2026	\$ (20,902)
2027	(34,382)
2028	(42,787)
2029	(38,847)
2030	(12,365)
Thereafter	(12,798)
Total	\$ (162,081)

**11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan
(Continued)**

F. Actuarial Assumptions

The total OPEB liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2024
Measurement Date of Net OPEB Liability (Asset)	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023, Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	4.08%
Long-Term Expected Rated of Return:	4.25%
Discount Rate:	4.09%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
*Based on the Bond Buyer GO 20-Bond Municipal index.	

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. The Total OPEB Liability for December 31, 2025 is based upon a roll-forward of the liability calculated from the January 1, 2024 actuarial valuation.

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.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan (Continued)

G. Long-Term Expected Return on Plan Assets (Continued)

Local OPEB Life Insurance
 Asset Allocation Targets and Expected Returns
 As of December 31, 2024

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interim Credit	40%	2.41%
US Mortgages	Bloomberg US MBS	60%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

H. Single Discount Rate

A single discount rate of 4.09% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.32% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2037.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan
(Continued)**

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 4.09 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 (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current rate:

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
City's proportionate share of the net OPEB liability (asset)	\$ 395,093	\$ 295,587	\$ 218,908

12. Self-Insured Health Insurance Plan

A. Self-Insured Health Insurance Program

The City is exposed to various risks of loss related to employee benefits, including health care claims for active employees. Starting in 2025, the City is self-insured for employee health insurance. Under this program, the City retains the risk of loss for claims up to specified limits and purchases stop-loss insurance to limit exposure on individual and aggregate claims.

The health insurance program is administered by a third-party administrator (“TPA”), which processes claims, maintains participant records, and provides periodic claims reports to management. The City is responsible for funding claims as they are incurred.

B. Stop-Loss Coverage

The City maintains stop-loss insurance to reduce its exposure to significant claims. For the year ended December 31, 2025, stop-loss coverage provided reimbursement for individual claims in excess of \$XXX per participant and aggregate annual claims in excess of \$XXX. Stop-loss coverage does not relieve the City from its primary obligation for claims up to the deductible limits. *Add sentence about the City’s stop-loss agreement if different than above.*

C. Claims Liability

At December 31, 2025, the City did not report a liability for reported and unreported claims which were incurred on or before December 31, 2025, but not paid by the City as of that date. This was the result of the City’s monthly payments to the TPA exceeding the actual claims paid or to be paid for 2025.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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12. Self-Insured Health Insurance Plan (Continued)

C. Claims Liability (Continued)

Currently, activity of the self-insured health insurance program is accounted for and allocated across funds of the City. Charges to departments and employees are based on estimates of the amounts needed to fund current-year claims and establish appropriate reserves for incurred claims. Excess fund net position is retained to provide for future claims.

The following table reports the change in the claims liability for the self-insured health insurance program for the year ended December 31, 2025:

	<u>Accrued Balance at Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Accrued Balance at End of Year</u>
12/31/2025	\$ -	\$ 731,497	\$ (731,497)	\$ -

13. 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.

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 City of Whitewater Park Board to 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. In May 2024, a new agreement was enacted between the City and the District.

The City budgets and accounts for this activity separately in the Aquatic Center Fund (Fund 247) and is included as a Nonmajor Special Revenue Fund within this document.

Under the agreement, the parties will split all Center expenses equally to the extent they are not covered by revenues generated by the Park Board. The City contributed \$357,421 toward the Center costs in 2025 and the District contributed \$183,339 in 2025 for Center costs.

15. Component Unit

This report contains the CDA which is included as a component unit. Financial information is presented as a discrete column in the statement of net position 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	\$929,401	\$929,401	Custodial credit risk, Interest rate risk

Balances above do not include the CDA’s allocated portions of the City’s pooled general checking account (\$123,301).

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 \$1,000,000. 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, 2025, the CDA did not have any total bank balances exposed to custodial credit as outlined in Note 2.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2025

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15. Component Unit (Continued)

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 \$880,738

D. Capital Assets

	Beginning Balance	Additions	Deletions	Reclassification	Ending Balance	Useful Lives (Years)
Land	\$ 565,797	\$ -	\$ -	\$ -	\$ 565,797	N/A
Buildings	6,128,544	-	-	(6,128,544)	-	35-40
Accumulated Depreciation						
Buildings	(1,709,182)	-	-	1,709,182	-	
Totals	<u>\$4,985,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,419,362)</u>	<u>\$ 565,797</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.

F. Transfers In

The CDA recorded net transfers recorded from the City of \$180,000.

G. Due to and from City

The CDA Program fund owes the City \$13,787.

H. Leases Receivable

The CDA is a lessor for building space. As of December 31, 2025, the CDA had leases receivable of \$601,744. A schedule of lease repayments to the CDA is on the following page 33. See Note 3 for additional information.

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Notes to the Basic Financial Statements
December 31, 2025

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15. Component Unit (Continued)

H. Leases Receivable (Continued)

Year Ending December 31,	Component Unit	
	Principal	Interest
2026	\$ 173,444	\$ 20,658
2027	158,949	14,244
2028	83,750	9,250
2029	87,162	5,838
2030	90,714	2,286
2031	7,725	25
Total	\$ 601,744	\$ 52,301

16. Developer Commitments

The City has developer incentive commitments of \$XXX as of December 31, 2025. This amount represents City commitments provided that either or both of construction conditions and tax base incentives are met. These conditions and incentives have not been met as of December 31, 2025.

17. Economic Dependency

One of the City’s Water Utility customers provides approximately 18% of the water revenue. Another provides 11% of water revenue and 22% of wastewater revenue.

18. Contingencies

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

19. Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning June 15, 2025, GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for periods beginning after June 15, 2025, and GASB Statement No. 105, *Subsequent Events*, effective for periods beginning after June 15, 2026. When these become effective, application of these standards may restate portions of these financial statements.

20. Subsequent Events

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REQUIRED SUPPLEMENTARY INFORMATION

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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, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u>	<u>GAAP</u>	<u>Amounts,</u>	<u>Final Budget-</u>
			<u>Basis</u>	<u>Differences</u>	<u>GAAP Basis</u>	<u>Positive</u>
						<u>(Negative)</u>
REVENUES						
Taxes	\$ 4,507,730	\$ 4,507,730	\$ 4,507,731	\$ -	\$ 4,507,731	\$ 1
Other Taxes	323,735	323,735	302,665	-	302,665	(21,070)
Special Assessment Revenue	1,050	1,050	4,870	-	4,870	3,820
Intergovernmental	5,023,961	5,023,961	5,287,630	31,805	5,319,435	263,669
License and Permits	394,523	394,523	405,884	-	405,884	11,361
Fines, Forfeits and Penalties	286,550	286,550	286,883	-	286,883	333
Public Charges for Services	45,625	45,625	68,003	-	68,003	22,378
Interest Income	493,292	493,292	568,157	17,774	585,931	74,865
Miscellaneous Income	80,050	80,050	179,995	285,810	465,805	99,945
Total Revenues	<u>11,156,516</u>	<u>11,156,516</u>	<u>11,611,818</u>	<u>335,389</u>	<u>11,947,207</u>	<u>455,302</u>
EXPENDITURES						
Current:						
General Government	1,779,606	1,779,606	2,057,426	69,897	2,127,323	(277,820)
Public Safety	4,871,142	4,871,142	5,112,487	-	5,112,487	(241,345)
Public Works	1,207,166	1,207,166	1,103,596	663,192	1,766,788	103,570
Culture, Recreation and Education	455,107	455,107	590,717	401	591,118	(135,610)
Capital Outlay	-	-	-	1,620,701	1,620,701	-
Total Expenditures	<u>8,313,021</u>	<u>8,313,021</u>	<u>8,864,226</u>	<u>2,354,191</u>	<u>11,218,417</u>	<u>(551,205)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,843,495</u>	<u>2,843,495</u>	<u>2,747,592</u>	<u>(2,018,802)</u>	<u>728,790</u>	<u>(95,903)</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out to CDA	(30,000)	(30,000)	(30,000)	-	(30,000)	-
Transfers In	463,114	463,114	568,326	314,582	882,908	105,212
Transfers Out	(3,270,152)	(3,270,152)	(3,365,237)	877,083	(2,488,154)	(95,085)
Total Other Financing Sources (Uses)	<u>(2,837,038)</u>	<u>(2,837,038)</u>	<u>(2,826,911)</u>	<u>1,191,665</u>	<u>(1,635,246)</u>	<u>10,127</u>
Net Change in Fund Balances	6,457	6,457	(79,319)	(827,137)	(906,456)	(85,776)
Fund Balances - Beginning of Year	<u>3,189,354</u>	<u>3,189,354</u>	<u>3,189,354</u>	<u>2,582,684</u>	<u>5,772,038</u>	<u>3,189,354</u>
Fund Balances - End of Year	<u>\$ 3,195,811</u>	<u>\$ 3,195,811</u>	<u>\$ 3,110,035</u>	<u>\$ 1,755,547</u>	<u>\$ 4,865,582</u>	<u>\$ 3,103,578</u>

See accompanying notes to the required supplementary information

City of Whitewater
Whitewater, WI

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Fire and EMS Fund
For the year ended December 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 623,882	\$ 623,882	\$ 751,787	\$ 127,905
Public Charges for Services	716,414	716,414	1,088,615	372,201
Miscellaneous Income	200	200	16,397	16,197
Total Revenues	<u>1,340,496</u>	<u>1,340,496</u>	<u>1,856,799</u>	<u>516,303</u>
EXPENDITURES				
Current:				
Public Safety	2,325,608	2,325,608	2,159,132	166,476
Capital Outlay	-	-	50,490	(50,490)
Total Expenditures	<u>2,325,608</u>	<u>2,325,608</u>	<u>2,209,622</u>	<u>115,986</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(985,112)</u>	<u>(985,112)</u>	<u>(352,823)</u>	<u>632,289</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,370,112	1,370,112	1,370,112	-
Transfers Out	<u>(385,000)</u>	<u>(385,000)</u>	<u>(385,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>985,112</u>	<u>985,112</u>	<u>985,112</u>	<u>-</u>
Net Change in Fund Balance	-	-	632,289	632,289
Fund Balance (Deficit) - Beginning of Year	155,530	155,530	155,530	-
Fund Balance (Deficit) - End of Year	<u>\$ 155,530</u>	<u>\$ 155,530</u>	<u>\$ 787,819</u>	<u>\$ 632,289</u>

See accompanying notes to the required supplementary information

**CITY OF WHITEWATER
WISCONSIN RETIREMENT SYSTEM SCHEDULES
December 31, 2025**

**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	Collective 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)
2024	0.04826307%	\$ 793,042	\$ 7,518,195	10.55%	98.79%
2023	0.04425858%	658,039	6,853,505	9.60%	98.85%
2022	0.04112726%	2,178,800	5,835,664	37.34%	97.72%
2021	(0.04093644%)	(3,299,552)	5,614,968	(58.76%)	106.02%
2020	(0.04139238%)	(2,584,182)	5,494,004	(47.04%)	105.26%
2019	(0.04136795%)	(1,333,891)	5,512,700	(24.20%)	102.96%
2018	0.04079730%	1,451,440	5,370,806	27.02%	96.45%
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%

**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
2025	\$ 868,745	\$ (868,745)	\$ -	\$ 8,204,684	10.59%
2024	763,967	(763,967)	-	7,518,195	10.16%
2023	655,682	(655,682)	-	6,853,505	9.57%
2022	494,319	(494,319)	-	5,835,664	8.47%
2021	474,842	(474,842)	-	5,614,968	8.46%
2020	460,645	(460,645)	-	5,494,004	8.38%
2019	434,659	(434,659)	-	5,512,700	7.88%
2018	431,432	(431,432)	-	5,370,806	8.03%
2017	421,690	(421,690)	-	5,085,067	8.29%
2016	385,047	(385,047)	-	5,007,766	7.69%

See accompanying notes to the required supplementary information

**CITY OF WHITEWATER
LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
December 31, 2025**

**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	Collective 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)
2024	0.07555400%	\$ 295,587	\$ 5,206,000	5.68%	37.20%
2023	0.07967300%	366,548	4,707,000	7.79%	33.90%
2022	0.08147400%	310,402	4,294,000	7.23%	38.81%
2021	0.08354300%	493,770	4,379,000	11.28%	29.57%
2020	0.08753900%	481,528	4,394,000	10.96%	31.36%
2019	0.09230900%	393,070	4,303,000	9.13%	37.58%
2018	0.09298000%	238,418	4,172,000	5.71%	48.69%
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
2025	\$ 1,573	\$ (1,573)	\$ -	\$ 6,035,872	0.03%
2024	1,589	(1,589)	-	5,206,000	0.03%
2023	1,623	(1,623)	-	4,707,000	0.03%
2022	1,634	(1,634)	-	4,294,000	0.04%
2021	1,663	(1,663)	-	4,379,000	0.04%
2020	1,736	(1,736)	-	4,394,000	0.04%
2019	1,668	(1,668)	-	4,303,000	0.04%

See accompanying notes to the required supplementary information

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2025

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1. Budgetary Information

Budgets

A budget has been adopted for all funds of the City. The City's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the department level. The budgetary comparison schedule is presented for the General Fund and the Fire and EMS Fund, since it is considered a major special revenue fund. In the General Fund, the debt service levy and transfer out to debt service of \$1,949,572 were eliminated on the fund statements.

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 expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures. The final budget includes an other financing source for anticipated fund balance increase which is not a revenue source under modified accrual accounting. Accordingly there is no actual revenue.

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 and Fire and EMS Fund had expenditures in excess of budget as follows:

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final budget
	Original	Final		
General Fund				
General Government	\$ 1,779,606	\$ 1,779,606	\$ 2,057,426	\$(277,820)
Public Safety	4,871,142	4,871,142	5,112,487	(241,345)
Culture, Recreation and Education	455,107	455,107	590,717	(135,610)
Fire and EMS Fund				
Capital Outlay	-	-	50,490	(50,490)

Revenues were sufficient to cover the expenditures.

2. Wisconsin Retirement System Schedules

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

Changes of assumptions: Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2025

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2. Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions

	2024	2023	2022	2021	2020
Valuation Date:	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.4%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	6.8%	7.0%	7.0%	7.0%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.0%
Seniority/Merit:	0.1%-5.7%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.7%	1.9%	1.9%	1.9%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2000.	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2000.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).

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

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2025

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2. Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions

	2019	2018	2017	2016	2015
Valuation Date:	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality

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

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 3 preceding years.

Changes in Benefit Terms and Assumptions related to LRLIF OPEB Liabilities (Assets):

Benefit Terms: There were no recent changes in benefit terms.

Assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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OTHER SUPPLEMENTARY INFORMATION

City of Whitewater
Whitewater, WI
Balance Sheet
Combining General Fund
December 31, 2025

	General Fund	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 Reserve	Elections Fund	Health Insurance Savings	Total General Fund
ASSETS														
Cash and Cash Equivalents	\$ 4,712,639	\$ 997,323	\$ 239,325	\$ (128,369)	\$ 51,216	\$ 5,433	\$ 8,553	\$ 53,721	\$ (379)	\$ 295,247	\$ 85,072	\$ 22,852	\$ 186,665	\$ 6,529,298
Receivables:														
Taxes	5,124,898	-	-	-	-	-	-	-	-	-	-	-	-	5,124,898
Delinquent Personal Property Taxes	85	-	-	-	-	-	-	-	-	-	-	-	-	85
Special Assessments	60,079	-	-	-	-	-	-	-	-	-	-	-	-	60,079
Leases	239,535	-	-	-	-	-	-	-	-	-	-	-	-	239,535
Other	93,355	-	-	-	-	-	-	-	-	-	-	-	-	93,355
Due from CDA	13,787	-	-	-	-	-	-	-	-	-	-	-	-	13,787
Due from Other Funds	1,685,819	-	-	-	-	-	-	-	-	-	-	-	-	1,685,819
Prepaid Expenses	30,548	-	-	-	-	-	-	-	-	-	-	-	-	30,548
Total Assets	\$ 11,960,745	\$ 997,323	\$ 239,325	\$ (128,369)	\$ 51,216	\$ 5,433	\$ 8,553	\$ 53,721	\$ (379)	\$ 295,247	\$ 85,072	\$ 22,852	\$ 186,665	\$ 13,777,404
LIABILITIES														
Accounts Payable	\$ 222,836	\$ 1,703	\$ -	\$ 53,941	\$ -	\$ -	\$ 618	\$ -	\$ -	\$ 4,850	\$ -	\$ -	\$ -	\$ 283,948
Accrued Liabilities	624,432	-	-	-	-	-	-	-	-	-	-	-	-	624,432
Due to Other Funds	1,990	-	-	-	-	-	-	-	-	-	-	-	-	1,990
Payable to Other Governments	268	-	-	-	-	-	-	-	-	-	-	-	-	268
Total Liabilities	\$ 849,526	\$ 1,703	\$ -	\$ 53,941	\$ -	\$ -	\$ 618	\$ -	\$ -	\$ 4,850	\$ -	\$ -	\$ -	\$ 910,638
DEFERRED INFLOWS OF RESOURCES														
	8,001,184	-	-	-	-	-	-	-	-	-	-	-	-	8,001,184
FUND BALANCES														
Nonspendable	30,633	-	-	-	-	-	-	-	-	-	-	-	-	30,633
Assigned	-	995,620	239,325	-	51,216	5,433	7,935	53,721	(379)	290,397	85,072	22,852	186,665	1,938,236
Unassigned (Deficit)	3,079,402	-	-	(182,310)	-	-	-	-	-	-	-	-	-	2,896,713
Total Fund Balances	\$ 3,110,035	\$ 995,620	\$ 239,325	\$ (182,310)	\$ 51,216	\$ 5,433	\$ 7,935	\$ 53,721	\$ (379)	\$ 290,397	\$ 85,072	\$ 22,852	\$ 186,665	\$ 4,865,582
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,960,745	\$ 997,323	\$ 239,325	\$ (128,369)	\$ 51,216	\$ 5,433	\$ 8,553	\$ 53,721	\$ (379)	\$ 295,247	\$ 85,072	\$ 22,852	\$ 186,665	\$ 13,777,404

City of Whitewater
Whitewater, WI

Statement of Revenues, Expenditures and Changes in Fund Balance
Combining General Fund
For the Year Ended December 31, 2025

	General Fund	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 Reserve	Elections Fund	Health Insurance Savings	Total General Fund
REVENUES														
Property Taxes	\$ 4,507,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,507,731
Other Taxes	302,665	-	-	-	-	-	-	-	-	-	-	-	-	302,665
Special Assessment Revenue	4,870	-	-	-	-	-	-	-	-	-	-	-	-	4,870
Intergovernmental	5,287,630	-	-	-	-	-	31,805	-	-	-	-	-	-	5,319,435
License and Permits	405,884	-	-	-	-	-	-	-	-	-	-	-	-	405,884
Fines, Forfeits and Penalties	286,883	-	-	-	-	-	-	-	-	-	-	-	-	286,883
Public Charges for Services	68,003	-	-	-	-	-	-	-	-	-	-	-	-	68,003
Interest Income	568,157	2,417	1,211	-	-	-	-	-	-	14,146	-	-	-	585,931
Miscellaneous Income	179,995	257,666	8,951	19,076	-	-	-	-	-	14,146	-	117	-	465,805
Total Revenues	11,611,818	260,083	10,162	19,076	-	-	31,805	-	-	14,146	-	117	-	11,947,207
EXPENDITURES														
Current:														
General Government	2,057,426	-	-	-	-	-	-	34,971	-	-	11,609	23,317	-	2,127,323
Public Safety	5,112,487	-	-	-	-	-	-	-	-	-	-	-	-	5,112,487
Public Works	1,103,596	-	-	-	-	-	538,630	-	-	124,562	-	-	-	1,766,788
Culture, Recreation and Education	590,717	-	-	-	-	-	-	-	401	-	-	-	-	591,118
Capital Outlay	-	1,241,139	135,517	234,109	9,936	-	-	-	-	-	-	-	-	1,620,701
Total Expenditures	8,864,226	1,241,139	135,517	234,109	9,936	-	538,630	34,971	401	124,562	11,609	23,317	-	11,218,417
Excess (Deficiency) of Revenues Over Expenditures	2,747,592	(981,056)	(125,355)	(215,033)	(9,956)	-	(506,825)	(34,971)	(401)	(110,416)	(11,609)	(23,200)	-	728,790
OTHER FINANCING SOURCES (USES)														
Transfers Out to CDA	(30,000)	-	-	-	-	-	-	-	-	-	-	-	-	(30,000)
Transfers In	568,326	385,000	25,000	-	-	-	-	-	-	-	-	-	(95,418)	882,908
Transfers Out	(3,365,237)	-	-	-	15,000	-	500,000	50,000	-	-	-	30,000	282,083	(2,488,154)
Total Other Financing Sources (Uses)	(2,826,911)	385,000	25,000	-	15,000	-	500,000	50,000	-	-	-	30,000	186,665	(1,633,246)
Net Change in Fund Balances	(79,319)	(596,056)	(100,355)	(215,033)	5,064	-	(6,825)	15,029	(401)	(110,416)	(11,609)	6,800	186,665	(906,456)
Fund Balances - Beginning of Year	3,189,354	1,591,676	339,680	32,723	46,152	5,433	14,760	38,692	22	400,813	96,681	16,052	-	5,772,038
Fund Balances (Deficit) - End of Year	\$ 3,110,035	\$ 995,620	\$ 239,325	\$ (182,310)	\$ 51,216	\$ -5,433	\$ 7,935	\$ -53,721	\$ (379)	\$ -290,597	\$ -85,072	\$ 22,852	\$ 186,665	\$ 4,865,582

**Balance Sheet
Nonmajor Governmental Funds
December 31, 2025**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,159,625	\$ 2,218,277	\$ 3,377,902
Receivables:			
Taxes	-	776,948	776,948
Other	117,433	225,000	342,433
Due from Other Funds	268	-	268
Total Assets	<u>\$ 1,277,326</u>	<u>\$ 3,220,225</u>	<u>\$ 4,497,551</u>
LIABILITIES			
Accounts Payable	\$ 56,792	\$ 4,631	\$ 61,423
Accrued Liabilities	67,623	-	67,623
Due to Other Funds	262,716	168,838	431,554
Total Liabilities	<u>387,131</u>	<u>173,469</u>	<u>560,600</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,825</u>	<u>1,150,352</u>	<u>1,154,177</u>
FUND BALANCES			
Restricted	1,041,070	2,065,242	3,106,312
Unassigned (Deficit)	(154,700)	(168,838)	(323,538)
Total Fund Balances	<u>886,370</u>	<u>1,896,404</u>	<u>2,782,774</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,277,326</u>	<u>\$ 3,220,225</u>	<u>\$ 4,497,551</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2025**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Nonmajor Governmental Funds</u>
REVENUES			
Property Taxes	\$ -	\$ 374,366	\$ 374,366
Intergovernmental	680,864	-	680,864
Public Charges for Services	689,608	-	689,608
Interest Income	21,647	-	21,647
Miscellaneous Income	96,159	-	96,159
Total Revenues	<u>1,488,278</u>	<u>374,366</u>	<u>1,862,644</u>
EXPENDITURES			
Current:			
Public Safety	27,961	-	27,961
Public Works	234,867	-	234,867
Culture, Recreation and Education	2,327,468	-	2,327,468
Conservation and Development	15,875	618,321	634,196
Capital Outlay	303,010	-	303,010
Total Expenditures	<u>2,909,181</u>	<u>618,321</u>	<u>3,527,502</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,420,903)</u>	<u>(243,955)</u>	<u>(1,664,858)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	1,218,398	-	1,218,398
Transfers Out	(40,754)	(89,188)	(129,942)
Transfers Out to CDA	-	(125,000)	(125,000)
Total Other Financing Sources (Uses)	<u>1,177,644</u>	<u>(214,188)</u>	<u>963,456</u>
Net Change in Fund Balances	(243,259)	(458,143)	(701,402)
Fund Balances - Beginning of Year	1,129,629	2,354,547	3,484,176
Fund Balances - End of Year	<u>\$ 886,370</u>	<u>\$ 1,896,404</u>	<u>\$ 2,782,774</u>

City of Whitewater
Whitewater, WI

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2025

	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	\$ 36,383	\$ 589,693	\$ -	\$ 85,983	\$ 11,416	\$ 1,443	\$ 120,011
Other Receivables	-	-	117,433	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	268
Total Assets	\$ 36,383	\$ 589,693	\$ 117,433	\$ 85,983	\$ 11,416	\$ 1,443	\$ 120,279
LIABILITIES							
Accounts Payable	\$ 119	\$ 15,161	\$ 15,027	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	4,095	27,271	-	-	-	-	-
Due to Other Funds	3,268	-	200,949	-	-	12,116	-
Total Liabilities	7,482	42,432	215,976	-	-	12,116	-
DEFERRED INFLOWS OF RESOURCES							
	-	-	-	-	-	-	-
FUND BALANCES (DEFICIT)							
Restricted	28,901	547,261	-	85,983	11,416	-	120,279
Unassigned (Deficit)	-	-	(98,543)	-	-	(10,673)	-
Total Fund Balances (Deficit)	28,901	547,261	(98,543)	85,983	11,416	(10,673)	120,279
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 36,383	\$ 589,693	\$ 117,433	\$ 85,983	\$ 11,416	\$ 1,443	\$ 120,279

City of Whitewater
Whitewater, WI

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2025

	Parking Permit Fund	Police Dept. Trust Fund	Parks and Recreation Fund	Field of Dreams Fund	Aquatic Center Fund	Aquatic Center Capital Fund	Nonmajor Special Revenue Funds
ASSETS							
Cash and Cash Equivalents	\$ 68,467	\$ 89,240	\$ 48,088	\$ 59,806	\$ 49,095	\$ -	\$ 1,159,625
Other Receivables	-	-	-	-	-	-	117,433
Due from Other Funds	-	-	-	-	-	-	268
Total Assets	<u>\$ 68,467</u>	<u>\$ 89,240</u>	<u>\$ 48,088</u>	<u>\$ 59,806</u>	<u>\$ 49,095</u>	<u>\$ -</u>	<u>\$ 1,277,326</u>
LIABILITIES							
Accounts Payable	\$ 250	\$ -	\$ 1,283	\$ -	\$ 24,952	\$ -	\$ 56,792
Accrued Liabilities	-	-	12,114	-	24,143	-	67,623
Due to Other Funds	-	899	-	-	-	45,484	262,716
Total Liabilities	<u>250</u>	<u>899</u>	<u>13,397</u>	<u>-</u>	<u>49,095</u>	<u>45,484</u>	<u>387,131</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-	3,825	-	-	3,825
FUND BALANCES (DEFICIT)							
Restricted	68,217	88,341	34,691	55,981	-	-	1,041,070
Unassigned (Deficit)	-	-	-	-	-	(45,484)	(154,700)
Total Fund Balances (Deficits)	<u>68,217</u>	<u>88,341</u>	<u>34,691</u>	<u>55,981</u>	<u>-</u>	<u>(45,484)</u>	<u>886,370</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 68,467</u>	<u>\$ 89,240</u>	<u>\$ 48,088</u>	<u>\$ 59,806</u>	<u>\$ 49,095</u>	<u>\$ -</u>	<u>\$ 1,277,326</u>

City of Whitewater
Whitewater, WI

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2025

	Cable TV Fund	Library Special Revenue Fund	Taxicab Grant Program Fund	Parkland Acquisition Fund	Parkland Development Fund	Forestry Fund	Rescue Squad Equipment/ Educ. Fund
REVENUES							
Intergovernmental	\$ 18,119	\$ 227,710	\$ 151,696	\$ -	\$ -	\$ -	\$ -
Public Charges for Services	70,899	3,378	-	-	-	-	-
Interest Income	1,445	15,293	-	-	-	57	3,566
Miscellaneous Income	-	39,560	-	24,750	13,692	935	268
Total Revenues	90,463	285,941	151,696	24,750	13,692	992	3,834
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	-	13,058
Public Works	-	-	234,867	-	-	-	-
Culture, Recreation and Education	130,980	794,508	-	-	21,782	-	-
Conservation and Development	-	-	-	-	-	15,875	-
Capital Outlay	-	7,786	-	-	-	-	-
Total Expenditures	130,980	802,294	234,867	-	21,782	15,875	13,058
Excess (Deficiency) of Revenues Over Expenditures	(40,517)	(516,353)	(83,171)	24,750	(8,090)	(14,883)	(9,224)
OTHER FINANCING SOURCES (USES)							
Transfers In	32,315	469,370	5,000	-	-	-	-
Net Change in Fund Balances	(8,202)	(46,983)	(78,171)	24,750	(8,090)	(14,883)	(9,224)
Fund Balances (Deficit) - Beginning of Year	37,103	594,244	(20,372)	61,233	19,506	4,210	129,503
Fund Balances (Deficit) - End of Year	\$ 28,901	\$ 547,261	\$ (98,543)	\$ 85,983	\$ 11,416	\$ (10,673)	\$ 120,279

City of Whitewater
Whitewater, WI

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2025

	Parking Permit Fund	Police Dept. Trust Fund	Parks and Recreation Fund	Field of Dreams Fund	Aquatic Center Fund	Aquatic Center Capital Fund	Nonmajor Special Revenue Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 183,339	\$ 100,000	\$ 680,864
Public Charges for Services	37,929	-	135,774	45,820	395,808	-	689,608
Interest Income	1,244	42	-	-	-	-	21,647
Miscellaneous Income	-	16,869	-	-	85	-	96,159
Total Revenues	39,173	16,911	135,774	45,820	579,232	100,000	1,488,278
EXPENDITURES							
Current:							
Public Safety	4,384	10,519	-	-	-	-	27,961
Public Works	-	-	-	-	-	-	234,867
Culture, Recreation and Education	-	-	406,722	36,823	936,653	-	2,327,468
Conservation and Development	-	-	-	-	-	-	15,875
Capital Outlay	-	-	-	-	-	295,224	303,010
Total Expenditures	4,384	10,519	406,722	36,823	936,653	295,224	2,909,181
Excess (Deficiency) of Revenues Over Expenditures	34,789	6,392	(270,948)	8,997	(357,421)	(195,224)	(1,420,903)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	254,292	-	357,421	100,000	1,218,398
Transfers Out	(35,704)	-	-	(5,050)	-	-	(40,754)
Total Other Financing Sources (Uses)	(35,704)	-	254,292	(5,050)	357,421	100,000	1,177,644
Net Change in Fund Balances	(915)	6,392	(16,656)	3,947	-	(95,224)	(243,259)
Fund Balances - Beginning of Year	69,132	81,949	51,347	52,034	-	49,740	1,129,629
Fund Balances (Deficits) - End of Year	\$ 68,217	\$ 88,341	\$ 34,691	\$ 55,981	\$ -	\$ (45,484)	\$ 886,370

**City of Whitewater
Whitewater, WI**

**Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2025**

	Housing	TIF 10	TIF 11	TIF 12	TIF 13	TIF 14	Nonmajor Capital Project Funds
ASSETS							
Cash and Cash Equivalents	\$ 1,655,805	\$ 220,652	\$ 52,625	\$ 77,995	\$ 29,433	\$ 181,767	\$ 2,218,277
Receivables:							
Taxes	-	186,845	57,301	93,353	61,241	378,208	776,948
Other	225,000	-	-	-	-	-	225,000
Total Assets	<u>\$ 1,880,805</u>	<u>\$ 407,497</u>	<u>\$ 109,926</u>	<u>\$ 171,348</u>	<u>\$ 90,674</u>	<u>\$ 559,975</u>	<u>\$ 3,220,225</u>
LIABILITIES							
Accounts Payable	\$ -	\$ 4,631	\$ -	\$ -	\$ -	\$ -	\$ 4,631
Due to Other Funds	-	-	-	-	6,872	161,966	168,838
Total Liabilities	-	<u>4,631</u>	-	-	<u>6,872</u>	<u>161,966</u>	<u>173,469</u>
DEFERRED INFLOWS OF RESOURCES	-	276,644	84,840	138,219	90,674	559,975	1,150,352
FUND BALANCES (DEFICIT)							
Restricted	1,880,805	126,222	25,086	33,129	-	-	2,065,242
Unassigned (Deficit)	-	-	-	-	(6,872)	(161,966)	(168,838)
Total Fund Balances (Deficit)	<u>1,880,805</u>	<u>126,222</u>	<u>25,086</u>	<u>33,129</u>	<u>(6,872)</u>	<u>(161,966)</u>	<u>1,896,404</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 1,880,805</u>	<u>\$ 407,497</u>	<u>\$ 109,926</u>	<u>\$ 171,348</u>	<u>\$ 90,674</u>	<u>\$ 559,975</u>	<u>\$ 3,220,225</u>

City of Whitewater
Whitewater, WI

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2025

	TIF 10	TIF 11	TIF 12	TIF 13	TIF 14	Nonmajor Capital Projects Funds
REVENUES						
Property Taxes	\$ -	\$ 45,387	\$ 31,694	\$ 28,991	\$ 158,134	\$ 374,366
EXPENDITURES						
Current:						
Conservation and Development	-	150	151	5,050	551,026	618,321
Excess (Deficiency) of Revenues Over Expenditures	-	45,237	31,543	23,941	(392,892)	(243,955)
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	(10,494)	(38,200)	(30,000)	-	(89,188)
Transfers Out to CDA	(50,000)	(25,000)	-	-	-	(125,000)
Total Other Financing Sources (Uses)	(50,000)	(35,494)	(38,200)	(30,000)	-	(214,188)
Net Change in Fund Balances	(50,000)	9,743	(6,657)	(6,059)	(392,892)	(458,143)
Fund Balances (Deficit) - Beginning of Year	1,930,805	15,343	39,786	(813)	230,926	2,354,547
Fund Balances (Deficit) - End of Year	\$ 1,880,805	\$ 25,086	\$ 33,129	\$ (6,872)	\$ (161,966)	\$ 1,896,404

City of Whitewater
Whitewater, WI

**Combining Statement of Net Position
Component Unit
December 31, 2025**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 13,125	\$ 919,916	\$ 119,661	\$ 1,052,702
Receivables				
Lease-current portion	-	-	173,444	173,444
Other	-	-	1,988	1,988
Total Current Assets	<u>13,125</u>	<u>919,916</u>	<u>295,093</u>	<u>1,228,134</u>
Noncurrent Assets:				
Lease Receivable - Long-term	-	-	428,300	428,300
Loans Receivable	-	880,738	-	880,738
Capital Assets:				
Land, Improvements and Construction in Progress	-	565,797	-	565,797
Total Capital Assets	<u>-</u>	<u>565,797</u>	<u>-</u>	<u>565,797</u>
Total Noncurrent Assets	<u>-</u>	<u>1,446,535</u>	<u>428,300</u>	<u>1,874,835</u>
Total Assets	<u>13,125</u>	<u>2,366,451</u>	<u>723,393</u>	<u>3,102,969</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>27,329</u>	<u>-</u>	<u>11,914</u>	<u>39,243</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 40,454</u>	<u>\$ 2,366,451</u>	<u>\$ 735,307</u>	<u>\$ 3,142,212</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 22,649	\$ -	\$ 18,773	\$ 41,422
Due to City General Fund	-	13,787	-	13,787
Total Current Liabilities	<u>22,649</u>	<u>13,787</u>	<u>18,773</u>	<u>55,209</u>
Non-Current Liabilities:				
Net Pension Liability	4,539	-	1,977	6,516
Total Non-Current Liabilities	<u>4,539</u>	<u>-</u>	<u>1,977</u>	<u>6,516</u>
Total Liabilities	<u>27,188</u>	<u>13,787</u>	<u>20,750</u>	<u>61,725</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	13,407	-	5,844	19,251
Deferred Lease Inflows	-	-	556,450	556,450
Total Deferred Inflows of Resources	<u>13,407</u>	<u>-</u>	<u>562,294</u>	<u>575,701</u>
NET POSITION				
Net Investment in Capital Assets	-	565,797	-	565,797
Restricted	-	1,786,867	152,263	1,939,130
Unrestricted (Deficit)	(141)	-	-	(141)
Total Net Position	<u>(141)</u>	<u>2,352,664</u>	<u>152,263</u>	<u>2,504,786</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)	<u>\$ 40,454</u>	<u>\$ 2,366,451</u>	<u>\$ 735,307</u>	<u>\$ 3,142,212</u>

**Combining Statement of Revenues, Expenses and Changes in Net Position
Component Unit
For the Year Ended December 31, 2025**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Operating Revenues	\$ -	\$ 11,973	\$ 224,800	\$ 236,773
Operating Expenses	209,664	224,615	204,315	638,594
Operating Income (Loss)	(209,664)	(212,642)	20,485	(401,821)
Non-Operating Revenues (Expenses)				
Interest and Investment Income	-	118,208	27,408	145,616
Miscellaneous	700	6,824	-	7,524
Total Non Operating Revenues	700	125,032	27,408	153,140
Income (Loss) Before Transfers and Gains	(208,964)	(87,610)	47,893	(248,681)
Transfer In from City	180,000	-	-	180,000
Transfer Out to City	-	(4,419,362)	-	(4,419,362)
Gain on Land Sale	-	1	-	1
Change in Net Position	(28,964)	(4,506,971)	47,893	(4,488,042)
Total Net Position - Beginning of Year	28,823	6,859,635	104,370	6,992,828
Total Net Position (Deficit) - End of Year	\$ (141)	\$ 2,352,664	\$ 152,263	\$ 2,504,786

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Whitewater
Whitewater, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Whitewater, Wisconsin (the "City") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated **Date XX**, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Whitewater, Wisconsin’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Block & Company, Inc.

Date XX, 2026

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the City Council
City of Whitewater
Whitewater, Wisconsin

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Whitewater, Wisconsin (the “City”)’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2024. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

DATE XX, 2026

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025**

Federal Grantor Pass-Through Grantor Program of Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency Pass-Through Program From: Wisconsin Department of Administration Capitalization Grants for Drinking Water State Revolving Fund	66.468	5650-02	\$ 1,089,928
Total Environmental Protection Agency			<u>1,089,928</u>
U.S. Department of the Transportation Pass-Through Program From: Wisconsin Department of Transportation Federal Formula Grant Program for Rural Areas	20.509	0000034472	<u>117,434</u>
Total U.S. Department of Transportation			<u>117,434</u>
U.S. Department of the Treasury Pass-Through Program From: Wisconsin Department of Revenue COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>203,800</u>
Total U.S. Department of the Treasury			<u>203,800</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,411,162</u></u>

See accompanying notes to the schedule of expenditures of federal awards

CITY OF WHITEWATER
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2025

DRAFT

1. Reporting Entity

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Whitewater, Wisconsin.

2. Basis of Presentation

The accounting records for the grant programs are maintained on the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in preparation of the financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

3. Federal Loan Program Activity

In accordance with the Uniform Guidance, the determination of when federal awards are expended for loan programs is based on the requirements of 2 CFR 200.502(b). Under this provision, the value of federal awards expended for loan and loan guarantee programs includes:

- The value of new loans made or received during the audit period,
- The beginning-of-period loan balance for loans from prior years for which the Federal Government imposes continuing compliance requirements, and
- Any interest subsidy, cash, or administrative cost allowance received during the fiscal year.

For the year ended December 31, 2025, the following amounts were included in the schedule of expenditures of federal awards for the Capitalization Grants for Drinking Water State Revolving Loan Fund, Assistance Listing Number #66.468:

- New Loans Received During the Year: \$454,920
- Beginning Loan Balance Subject to Federal Compliance Requirements: No balance
- Interest Subsidies / Administrative Cost Allowances Received: None

The total federal awards expended for this loan program, as included on the schedule of expenditures of federal awards, were therefore \$454,920, representing the sum of the components listed above.

For loan programs where the entity does not originate loans—such as certain student loan programs at institutions of higher education—only the value of loans made during the audit period is reported as federal awards expended, and prior-year loan balances are not included in accordance with 2 CFR 200.502(c).

The City was approved by the Environmental Protection Agency, the Wisconsin Department of Natural Resources, and the Wisconsin Department of Administration to receive a loan totaling \$1,506,107 to replace lead service lines through the Safe Drinking Water Loan Program. The amount listed above (\$454,920) for this loan includes the proceeds used during the year. The outstanding loan balance as of December 31, 2025 was \$454,920.

CITY OF WHITEWATER
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2025

DRAFT

4. Subrecipients

No amounts were passed through to subrecipients.

5. De Minimis Cost Rate

The City does not use an indirect cost rate.

CITY OF WHITEWATER
Schedule of Findings and Questioned Costs
December 31, 2025

DRAFT

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
 * Material weakness identified? Yes
 * Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
 * Material weakness identified? No
 * Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold for distinguishing Types A and B programs: \$1,000,000

Auditee qualified as low-risk auditee? No

CITY OF WHITEWATER
Schedule of Findings and Questioned Costs
December 31, 2025

DRAFT

Section II – Financial Statement Findings

Finding #2025-001 – Material Audit Adjustments

- Criteria: Proper financial closing and year-end reconciliation procedures should be in place to identify and adjust the financial records to ensure the financial statements are fairly stated.
- Condition: The auditors proposed audit adjustments that, if not made, would have resulted in the financial statements being materially misstated.
- Cause: Financial information was not recorded in a timely manner and material adjustments were needed in order to correct various transactions.
- Effect: The City’s system of internal control may not prevent, detect, or correct misstatements in the financial statements. Financial reports generated by the accounting system may not provide an accurate reflection of the City’s financial position or activities. Not reconciling accounts on a timely basis could lead to errors or other problems not being recognized and resolved.
- Recommendation: The auditors recommend that policies and procedures should be implemented to ensure account balances are properly recorded and reconciled in a timely manner.
- Response: The City acknowledges their responsibility for the financial statements and recording of the current year activity. Going forward, the City will work toward verifying that all activity is completely and accurately recorded in the financial records and reflected on the financial statements.

Section III – Federal Awards Findings and Questioned Costs

None in 2025.

Section IV – Other Issues

- | | | |
|----|--|---|
| 1. | Does the auditor have substantial doubt as to the auditee’s ability to continue as a going concern? | No |
| 2. | Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 3. | Name and signature of partner | <hr style="width: 200px; margin-left: auto; margin-right: 0;"/>
Kevin Krysinski, CPA |
| 4. | Date of report: | DATE XX, 2026 |

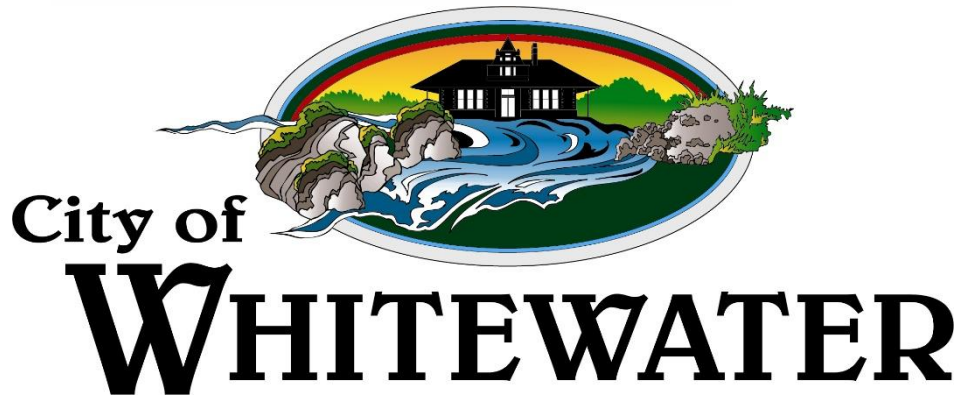
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CITY OF WHITEWATER
Schedule of Prior Year Findings and Questioned Costs
December 31, 2025

An audit in accordance with Government Auditing Standards and a single audit in accordance with Uniform Guidance were not required to be performed in the prior year.



JOHNSON BLOCK
CPAs



AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

City of Whitewater

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December 31, 2024**

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City of Whitewater

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Whitewater
Whitewater, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements 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 and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Whitewater, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Whitewater, Wisconsin, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2024, the City of Whitewater, Wisconsin adopted the provisions of the Governmental Accounting Standards Board Statement No. 100, Accounting Changes and Error Corrections, and Governmental Accounting Standards Board Statement No. 101, Compensated Absences. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Whitewater, Wisconsin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Whitewater, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Whitewater, Wisconsin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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, the Local Retiree Life Insurance Fund schedules, and Schedule of Changes in the City's Total Health Insurance OPEB Liability and Related Ratios as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Whitewater, Wisconsin's basic financial statements. The accompanying combining and individual non-major and component unit fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major and component unit 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major and component unit fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
July 21, 2025

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**



CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2024

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, 2024. 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 \$5,971,190, or 8.2% from the prior year. The net position for governmental activities increased \$1,904,670, while net position of the business-type activities increased by \$4,066,520. The Community Development Authority's ("CDA"), a component unit of the City, net position decreased by \$200,307.

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2024 by \$78,579,842 (net position). Of this amount, \$10,751,850 (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 \$5,646,629 and \$5,105,221 for governmental and business-type activities, respectively.

As of December 31, 2024, the City's governmental funds reported combined ending fund balances of \$13,632,312, an increase of \$4,410,875 in comparison with the prior year. Approximately 23% of this total, or \$3,125,931 (unassigned fund balance), is available for spending at the government's discretion.

The City's Water Utility had an operating income in 2024 of \$944,713. Unrestricted net position was \$1,988,971. The Water Utility's total net position increased by \$1,678,652 to \$13,040,767. For 2024, the Rate of Return equaled 5.00%. The City filed an application with the PSC in 2022 and new rates went effective April 28, 2023. Rates increased approximately 30%.

The Wastewater Utility had an operating income of \$1,245,282 in 2024. The Utility's total net position increased by \$2,562,162. A major upgrade to the wastewater treatment plant was completed in early 2019 representing \$24.358 million in plant improvements. In anticipation of this project, Wastewater rates were increased effective June 27, 2019 that increased the average residential user by 18%.

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.
- 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.

CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

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 deferred outflows 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 deferred outflows 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, 2024**

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 23 individual governmental funds. Several other 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, the Capital Projects Fund, and Fire and EMS Fund, 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. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Proprietary 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 Activities. 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 73%) 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, 2024

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

CITY OF WHITEWATER'S NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and Other Assets	\$ 22,563,357	\$ 17,043,409	\$ 9,667,919	\$ 12,243,635	\$ 32,231,276	\$ 29,287,044
Capital Assets	<u>42,425,022</u>	<u>39,816,047</u>	<u>65,772,438</u>	<u>60,113,075</u>	<u>108,197,460</u>	<u>99,929,122</u>
Total Assets	<u>\$ 64,988,379</u>	<u>\$ 56,859,456</u>	<u>\$ 75,440,357</u>	<u>\$ 72,356,710</u>	<u>\$ 140,428,736</u>	<u>\$ 129,216,166</u>
Deferred Outflows of Resources	<u>\$ 5,310,532</u>	<u>\$ 7,284,758</u>	<u>\$ 752,809</u>	<u>\$ 1,085,657</u>	<u>\$ 6,063,341</u>	<u>\$ 8,370,415</u>
Non-Current Liabilities	\$ 18,298,660	\$ 14,565,803	\$ 31,995,310	\$ 32,725,565	\$ 50,293,970	\$ 47,291,368
Other Liabilities	<u>3,220,443</u>	<u>1,926,427</u>	<u>3,389,467</u>	<u>3,835,008</u>	<u>6,609,910</u>	<u>5,761,435</u>
Total Liabilities	<u>\$ 21,519,103</u>	<u>\$ 16,492,230</u>	<u>\$ 35,384,777</u>	<u>\$ 36,560,573</u>	<u>\$ 56,903,880</u>	<u>\$ 53,052,803</u>
Deferred Inflows of Resources	<u>\$ 10,530,874</u>	<u>\$ 11,024,810</u>	<u>\$ 477,481</u>	<u>\$ 617,406</u>	<u>\$ 11,008,355</u>	<u>\$ 11,642,216</u>
Net Position:						
Net Investment in Capital Assets	\$ 26,931,571	\$ 27,438,434	\$ 32,307,950	\$ 27,061,595	\$ 59,239,521	\$ 54,500,029
Restricted	5,670,734	3,977,261	2,917,737	2,787,496	8,588,471	6,764,757
Unrestricted	<u>5,646,629</u>	<u>5,211,479</u>	<u>5,105,221</u>	<u>6,415,297</u>	<u>10,751,850</u>	<u>11,626,776</u>
TOTAL NET POSITION	<u>\$ 38,248,934</u>	<u>\$ 36,627,174</u>	<u>\$ 40,330,908</u>	<u>\$ 36,264,388</u>	<u>\$ 78,579,842</u>	<u>\$ 72,891,562</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION	<u>\$ 70,298,911</u>	<u>\$ 64,144,214</u>	<u>\$ 76,193,166</u>	<u>\$ 73,442,367</u>	<u>\$ 146,492,077</u>	<u>\$ 137,586,581</u>

NET POSITION: The City's combined net position increased 8.2% between fiscal years 2023 and 2024 to \$78,579,842. 51.3% of the 2024 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 \$1,904,670 for the year, while the business-type activities experienced an increase of \$4,066,520.

ASSETS: Governmental Activities: Taxes Receivable increased by \$585,126. Accounts Receivables and Other Receivables increased by \$272,010. Due from Other Governmental Units increased by \$6,819. Net Capital Assets increased by \$2,608,975 to a total of \$42,425,022. Deferred outflows of resources decreased by \$1,974,226 between years due to the reporting for employee pensions and other postemployment benefits.

LIABILITIES: Governmental Activities: Non-Current Liabilities increased by \$3,732,857 with the reporting of new debt issuances. Deferred inflows of resources decreased by \$493,936 mainly due to a decrease in pension inflows.

CITY OF WHITEWATER
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

CITY OF WHITEWATER
CONDENSED STATEMENT OF ACTIVITIES

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Combined-Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,536,879	\$ 2,147,258	\$ 7,681,201	\$ 7,331,530	\$ 10,218,080	\$ 9,478,788
Operating grants and contributions	1,625,780	1,637,004	-	-	1,625,780	1,637,004
Capital grants and contributions	1,942,415	294,732	2,934,084	175,018	4,876,499	469,750
General Revenues:						
Property Taxes	6,737,184	5,868,240	-	-	6,737,184	5,868,240
Other Taxes	305,514	331,063	-	-	305,514	331,063
Intergovernmental	3,991,264	3,539,656	-	-	3,991,264	3,539,656
Investment Income	1,044,270	964,210	269,873	139,726	1,314,143	1,103,936
Miscellaneous	191,717	308,069	67,801	73,102	259,518	381,171
Total Revenues	\$ 18,375,023	\$ 15,090,232	\$ 10,952,959	\$ 7,719,376	\$ 29,327,982	\$ 22,809,608
Expenses:						
General government	\$ 2,230,006	\$ 1,983,617	\$ -	\$ -	\$ 2,230,006	\$ 1,983,617
Public Safety	6,994,743	6,851,409	-	-	6,994,743	6,851,409
Public Works	3,120,496	3,061,508	-	-	3,120,496	3,061,508
Leisure activities	2,914,542	2,853,290	-	-	2,914,542	2,853,290
Conservation and Development	200,975	67,462	-	-	200,975	67,462
Interest and fiscal charges	615,397	331,518	1,075,156	996,053	1,690,553	1,327,571
Water Utility	-	-	2,032,989	2,171,694	2,032,989	2,171,694
Sewer Utility	-	-	2,904,958	2,875,448	2,904,958	2,875,448
Stormwater Utility	-	-	615,118	560,891	615,118	560,891
Total Expenses	\$ 16,076,159	\$ 15,148,804	\$ 6,628,221	\$ 6,604,086	\$ 22,704,380	\$ 21,752,890
Increases in net position before transfers	\$ 2,298,864	\$ (58,572)	\$ 4,324,738	\$ 1,115,290	\$ 6,623,602	\$ 1,056,718
Special items	(472,412)	(152,801)	-	-	(472,412)	(152,801)
Transfers	78,218	229,732	(258,218)	(327,232)	(180,000)	(97,500)
Increase in net position	<u>\$ 1,904,670</u>	<u>\$ 18,359</u>	<u>\$ 4,066,520</u>	<u>\$ 788,058</u>	<u>\$ 5,971,190</u>	<u>\$ 806,417</u>
Net Position-January 1	\$ 36,344,264	\$ 36,325,905	\$ 36,264,388	\$ 35,476,330	\$ 72,608,652	\$ 71,802,235
Net Position-December 31	\$ 38,248,934	\$ 36,344,264	\$ 40,330,908	\$ 36,264,388	\$ 78,579,842	\$ 72,608,652

CITY OF WHITEWATER

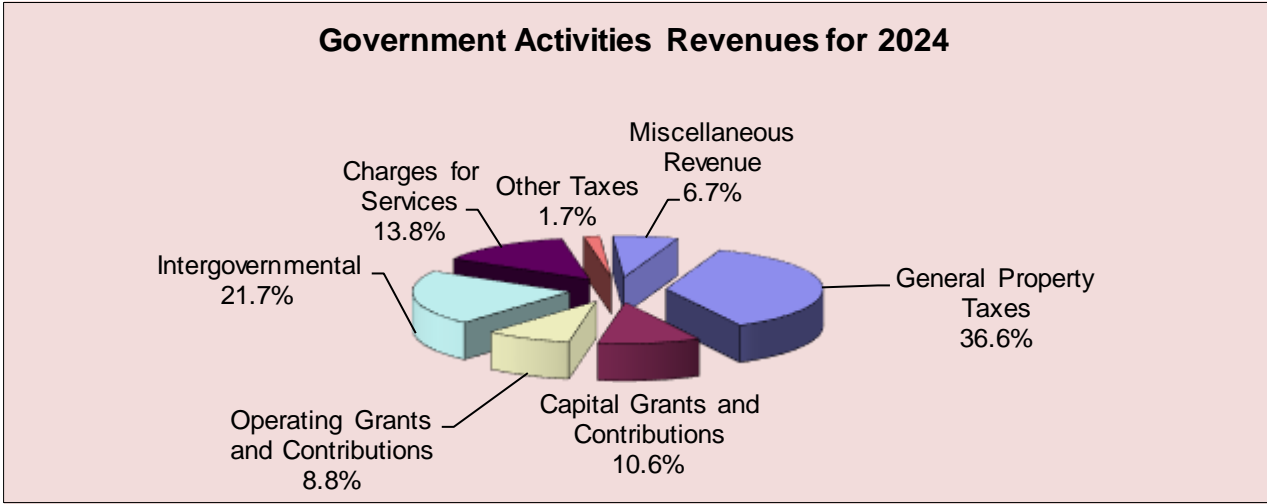
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental Activities

Change in Net Position: The City's 2024 revenues for both governmental and business-type activities total \$29,327,982 and expenses total \$22,704,380. These totals plus transfers and special items resulted in an increase in net position of \$5,671,190. Net position increased by \$1,904,670 for governmental activities. This growth in net position is driven by several factors. First, each year, funds are budgeted to be set aside in special revenue or sinking funds for large or infrequent needs. Secondly, revenues were favorable compared to 2023 budget due mainly to higher interest income.

Revenues for the City's governmental activities total \$18,375,023 with intergovernmental revenues (largely state shared-revenues) accounting for 21.7% (\$3,991,264) 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 7.1% (\$1,313,714) of total revenues, were collected to pay for the principal and interest due in 2024. General property taxes accounted for 24.7% (\$4,538,648) of governmental revenues in 2024. Charges for services contributed 13.8% (\$2,536,879) and increased modestly in 2024; operating contributed 8.8% (\$1,625,780) of the total revenues. Capital grants were \$1,942,415 and increased mainly because of a donations for the library expansion and from the Whitewater Fire Department, Inc. for fire equipment purchases.



Total Revenues = \$18,375,023

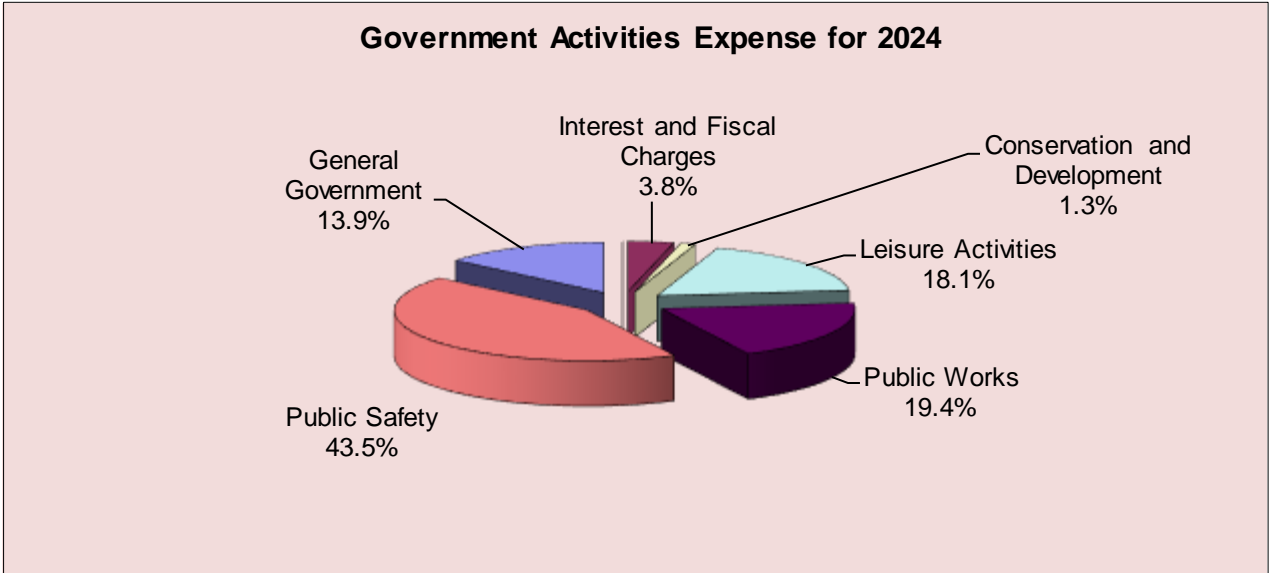
CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental Activities (Continued)

Governmental activities expenditures total \$16,076,159. Public Safety activities amount for 43.5% (\$6,994,743), or the largest single portion of expenditures. Public Safety includes Police, Fire, Rescue, Crash and Building Inspections. Public Works, General Government and Leisure activities account for 19.4% (\$3,120,496), 13.9% (\$2,230,006), and 18.1% (\$2,914,542), respectively, of total expenditures for 2024. Conservation/Development—1.3% (\$200,975); Interest/Fiscal Charges—3.8% (\$615,397).



Total Expenses = \$16,359,069

CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024**

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 2024 was \$9,971,085. However, the amount paid through the City's property tax was only \$6,737,184. Intergovernmental revenues make up most of the additional revenue sources along with investment earnings, transfers and other revenue.

	<u>Cost of Services</u>	<u>Charges for Services, Operating & Capital Grants, Contributions</u>	<u>Net Cost of Services</u>
General Government	\$ 2,230,006	\$ 267,257	\$ 1,962,749
Public Safety	6,994,743	2,341,382	4,653,361
Public Works	3,120,496	824,998	2,295,498
Culture and Recreation	2,914,542	1,188,230	1,726,312
Conservation and Development	200,975	1,483,207	(1,282,232)
Interest and Fiscal Charges	615,397	-	615,397
Total	<u>\$ 16,076,159</u>	<u>\$ 6,105,074</u>	<u>\$ 9,971,085</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 \$288,621 to \$5,772,038. Of that amount, \$3,147,116, is unassigned, which represents 24.9% of the expenditures and transfers out for calendar/budget year 2024.

Fire and EMS Fund – Accounts for revenues and expenditures related to the City's Fire and EMS department.

Capital Projects Fund – Accounts for revenues and expenditures related to the City's capital projects undertaken during the year.

CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)

WATER, WASTEWATER, AND STORMWATER UTILITY

The **Water Utility** earned a 5.00% return on its rate base in 2024 compared to 3.25% in 2023. The Water Utility's (GAAP Basis) operating revenues increased by \$245,093 to \$2,977,702 and the operating expenses decreased by \$138,705 to \$2,032,989. The Utility filed a rate increase in 2023 and had new rates effective in 2023.

The **Wastewater Utility** operating revenue increased by \$102,490 in 2024 to \$4,150,240. Operating expenses increased by \$29,510 to \$2,904,958. Wastewater rates were adjusted by 17.6% (average residential user) on June 27, 2019. The increase provided funding for the debt service costs of the wastewater treatment plant project.

The **Stormwater Utility** operating revenues increased by \$2,088 to \$553,259. The operating loss was \$61,859 in 2024. 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)	
	2024	2023	2024	2023	2024	2023
Water Utility	\$ 2,977,702	2,732,609	\$ 2,032,989	\$ 2,171,694	\$ 944,713	\$ 560,915
Wastewater Utility	4,150,240	4,047,750	2,904,958	2,875,448	1,245,282	1,172,302
Stormwater Utility	553,259	551,171	615,118	560,891	(61,859)	(9,720)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Governmental Activities			
	2024	2023	Total Change
Land/Right of Way/Improvements	\$ 9,456,100	\$ 9,456,100	\$ -
Construction in Progress	3,519,382	1,392,186	2,127,196
Traffic and street lights	1,471,875	1,471,875	-
Buildings and Improvements	15,220,754	15,083,187	137,567
Machinery & Equipment	9,941,413	8,902,079	1,039,334
Streets/Sidewalks/Curb & Gutter	31,870,785	32,066,941	(196,156)
Accumulated depreciation	<u>(29,055,287)</u>	<u>(28,556,321)</u>	<u>(498,966)</u>
Capital Assets, Net of Depreciation	<u>\$ 42,425,022</u>	<u>\$ 39,816,047</u>	<u>\$ 2,608,975</u>

CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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.

The City (Primary Government) had capital assets of \$42,425,022 in the governmental activities and \$65,772,438 in the business-like activities for a total of \$108,197,460 at the end of 2024. 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 39.2% and the business-type activities total 60.8%. The business-type activities represent the Water Utility with 31.6%, the Wastewater Utility having 57.9%, and the Stormwater Utility 10.5% of the capital assets.

<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>2024</u>	<u>2023</u>	<u>Change</u>
Water			
Land and Land Rights	\$ 224,506	\$ 224,506	\$ -
Source of Supply	1,713,632	705,364	1,008,268
Pumping	1,171,485	987,932	183,553
Water Treatment	1,595,440	1,458,742	136,698
Transmission and Distribution	24,148,651	22,458,161	1,690,490
General	1,063,232	1,051,182	12,050
Construction in Progress	369,343	672,739	(303,396)
Less: Accumulated Depreciation	<u>(9,483,190)</u>	<u>(9,056,719)</u>	<u>(426,471)</u>
Net Assets-Water Utility Plant	<u>20,803,099</u>	<u>18,501,907</u>	<u>2,301,192</u>
Wastewater			
Land and Land Rights	4,498,925	4,498,925	-
Collection System	18,232,083	17,335,824	896,259
Treatment and Disposal	37,645,225	37,645,225	-
General	1,880,187	1,845,187	35,000
Construction in Progress	3,387,900	236,469	3,151,431
Less: Accumulated Depreciation	<u>(27,578,100)</u>	<u>(26,379,327)</u>	<u>(1,198,773)</u>
Net Assets-Wastewater Utility Plant	<u>38,066,220</u>	<u>35,182,303</u>	<u>2,883,917</u>
Stormwater			
Capital Assets	8,075,745	7,402,354	673,391
Construction in Progress	6,974	75,680	(68,706)
Less: Accumulated Depreciation	<u>(1,179,600)</u>	<u>(1,049,169)</u>	<u>(130,431)</u>
Net Assets-Stormwater Utility Plant	<u>6,903,119</u>	<u>6,428,865</u>	<u>474,254</u>
Total Utility's Capital Assets	<u>\$ 65,772,438</u>	<u>\$ 60,113,075</u>	<u>\$ 5,659,363</u>

CITY OF WHITEWATER

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024**

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, 2024 was \$52,083,825. Total general obligation debt outstanding at year end was \$25,561,315, which represents 49.1% of the allowable debt limit.

Comparison of Outstanding Debt by Activity						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>TOTAL</u>	
	2024	2023	2024	2023	2024	2023
General Obligation						
Bonds and Notes	\$ 17,112,315	\$ 12,087,915	\$ 8,449,000	\$ 8,694,500	\$ 25,561,315	\$ 20,782,415
Revenue Bond/Notes	-	-	25,300,627	24,741,721	25,300,627	24,741,721
Total Outstanding	\$ 17,112,315	\$ 12,087,915	\$ 33,749,627	\$ 33,436,221	\$ 50,861,942	\$ 45,524,136

The total outstanding general obligation debt of \$25,561,315 is distributed:

City	\$17,112,315
Utility (Water/Sewer/Storm)	\$ 8,449,000

AMOUNTS DUE WITHIN ONE YEAR			
	<u>Governmental</u>	<u>Business-type</u>	<u>Amounts Due</u>
	Activities	Activities	Within One Year
General Obligation			
Bonds and Notes	\$ 1,261,406	\$ 628,800	\$ 1,890,206
Revenue Bonds	-	1,785,787	1,785,787
Totals	\$ 1,261,406	\$ 2,414,587	\$ 3,675,993

CITY OF WHITEWATER

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgets are adopted at the function level of expenditures. General Fund revenues were greater than the final budget by \$542,897. Expenditures were \$353,797 higher than the final budget of \$7,847,848. General Government was over by \$46,553; Public Safety was over by \$323,536; Culture, Recreation and Education was over by \$45,729. Public Works was under by \$62,021. The actual change in Fund Balance was an increase of \$60,530 to a balance of \$3,189,354. This includes only Fund 100 and none of the other assigned general fund balances.

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 \$1,042 million, has shown steady growth over the past two decades. For 2024, the equalized value increased by \$66 million.

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 2024, the monthly cost for one household is \$13.52. The distribution of this cost is \$9.25 for Solid Waste and \$4.27 for Recycling. Solid Waste monthly household fee increased \$0.25 per month and recycling increased \$.12 per month in 2024.

For 2025, the monthly cost for one household is \$13.94. The distribution of this cost is \$9.47 for Solid Waste and \$4.47 for Recycling. Solid Waste monthly household fee increased \$0.22 per month and recycling increased \$0.20 per month in 2025.

There was no change in the S&P Global rating of "A+" for GO debt and "A-" for revenue debt in 2025.

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, 2024**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>	<u>Component Unit</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 16,831,886	\$ 5,162,660	\$ 21,994,546	\$ 1,008,956
Receivables				
Taxes and Special Assessments	4,706,750	-	4,706,750	-
Accounts, Net	506,225	657,496	1,163,721	-
Other	354,367	435	354,802	2,122
Due from Other Governments	6,819	-	6,819	-
Leases-current portion	8,757	6,226	14,983	135,057
Internal Balances	15,204	(15,204)	-	-
Due From Tax Collection Fund	6,875	-	6,875	-
Due From Component Unit/City	4,840	-	4,840	-
Inventories	-	22,500	22,500	-
Prepaid Expenses	39,996	-	39,996	-
Total Current Assets	<u>22,481,719</u>	<u>5,834,113</u>	<u>28,315,832</u>	<u>1,146,135</u>
Noncurrent Assets:				
Restricted Assets				
Cash and Cash Equivalents	-	3,752,157	3,752,157	-
Other Assets				
Special Assessment Receivable	6,445	59,700	66,145	-
Loans Receivable	-	-	-	968,702
Lease Receivable- Long-Term	75,193	21,949	97,142	509,610
Capital Assets				
Land, Improvements, and Construction in Progress	12,975,482	8,487,648	21,463,130	565,797
Other Capital Assets, net of depreciation	29,449,540	57,284,790	86,734,330	4,419,362
Net Capital Assets	<u>42,425,022</u>	<u>65,772,438</u>	<u>108,197,460</u>	<u>4,985,159</u>
Total Noncurrent Assets	<u>42,506,660</u>	<u>69,606,244</u>	<u>112,112,904</u>	<u>6,463,471</u>
Total Assets	<u>64,988,379</u>	<u>75,440,357</u>	<u>140,428,736</u>	<u>7,609,606</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	5,178,875	752,809	5,931,684	73,918
Deferred Life Insurance OPEB Outflows	121,537	-	121,537	-
Deferred Health Insurance OPEB Outflows	10,120	-	10,120	-
Total Deferred Outflows of Resources	<u>5,310,532</u>	<u>752,809</u>	<u>6,063,341</u>	<u>73,918</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 70,298,911</u>	<u>\$ 76,193,166</u>	<u>\$ 146,492,077</u>	<u>\$ 7,683,524</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Net Position
December 31, 2024**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>	<u>Component Unit</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 1,612,833	\$ 550,438	\$ 2,163,271	\$ 30,618
Due to City	-	-	-	4,840
Accrued Interest	200,108	192,889	392,997	-
Unearned Grant Advance	-	203,800	203,800	-
Current Portion of Long-Term Liabilities	1,407,502	2,442,340	3,849,842	-
Total Current Liabilities	<u>3,220,443</u>	<u>3,389,467</u>	<u>6,609,910</u>	<u>35,458</u>
Noncurrent Liabilities:				
Unamortized Debt Premium	591,861	484,547	1,076,408	-
Net OPEB Liability - Life Insurance	366,548	-	366,548	-
Net Pension Liability	567,454	82,485	649,939	8,100
Net OPEB Liability - Health Insurance	176,878	-	176,878	-
Bonds and Direct Borrowings	15,850,909	31,335,040	47,185,949	-
Compensated Absences	745,010	93,238	838,248	-
Total Noncurrent Liabilities	<u>18,298,660</u>	<u>31,995,310</u>	<u>50,293,970</u>	<u>8,100</u>
Total Liabilities	<u>21,519,103</u>	<u>35,384,777</u>	<u>56,903,880</u>	<u>43,558</u>
DEFERRED INFLOWS OF RESOURCES				
Tax Apportionment	6,844,635	-	6,844,635	-
Deferred Pension Inflows	3,031,362	440,643	3,472,005	43,267
Deferred Health Insurance OPEB Inflows	209,938	-	209,938	-
Deferred Life Insurance OPEB Inflows	363,308	-	363,308	-
Other Deferred Inflows	81,631	36,838	118,469	603,871
Total Deferred Inflows of Resources	<u>10,530,874</u>	<u>477,481</u>	<u>11,008,355</u>	<u>647,138</u>
NET POSITION				
Net Investment in Capital Assets	26,931,571	32,307,950	59,239,521	4,985,159
Restricted				
CDA Programs	-	-	-	1,874,476
Debt Service	-	148,816	148,816	-
Capital	4,365,203	2,768,921	7,134,124	-
Special Revenue Activity	1,305,531	-	1,305,531	-
Unrestricted	<u>5,646,629</u>	<u>5,105,221</u>	<u>10,751,850</u>	<u>133,193</u>
Total Net Position	<u>38,248,934</u>	<u>40,330,908</u>	<u>78,579,842</u>	<u>6,992,828</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 70,298,911</u>	<u>\$ 76,193,166</u>	<u>\$ 146,492,077</u>	<u>\$ 7,683,524</u>

See accompanying notes to the basic financial statements

City of Whitewater
Whitewater, WI

Statement of Activities
For the Year Ended December 31, 2024

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>			
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>	
Primary Government								
Governmental Activities								
General Government	\$ 2,230,006	\$ 267,257	\$ -	\$ -	\$ (1,962,749)		\$ (1,962,749)	
Public Safety	6,994,743	1,619,327	310,503	411,552	(4,653,361)		(4,653,361)	
Public Works	3,120,496	-	824,998	-	(2,295,498)		(2,295,498)	
Culture and Recreation	2,914,542	650,295	487,675	50,260	(1,726,312)		(1,726,312)	
Conservation and Development	200,975	-	2,604	1,480,603	1,282,232		1,282,232	
Interest on Long-Term Debt	615,397	-	-	-	(615,397)		(615,397)	
Total Governmental Activities	<u>16,076,159</u>	<u>2,536,879</u>	<u>1,625,780</u>	<u>1,942,415</u>	<u>(9,971,085)</u>		<u>(9,971,085)</u>	
Business-Type Activities								
Water	2,515,789	2,977,702	-	1,269,629	-	\$ 1,731,542	1,731,542	
Wastewater	3,405,032	4,150,240	-	1,664,455	-	2,409,663	2,409,663	
Storm Sewer	707,400	553,259	-	-	-	(154,141)	(154,141)	
Total Business-Type Activities	<u>6,628,221</u>	<u>7,681,201</u>	<u>-</u>	<u>2,934,084</u>	<u>-</u>	<u>3,987,064</u>	<u>3,987,064</u>	
Total Primary Government	<u>\$ 22,704,380</u>	<u>\$ 10,218,080</u>	<u>\$ 1,625,780</u>	<u>\$ 4,876,499</u>	<u>(9,971,085)</u>	<u>3,987,064</u>	<u>(5,984,021)</u>	
Component Unit								
Community Development Authority	\$ 752,288	\$ 248,712	\$ -	\$ -				\$ (503,576)
Total Component Units	<u>\$ 752,288</u>	<u>\$ 248,712</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(503,576)</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					5,423,479	-	5,423,479	-
Property Taxes, Levied for Debt Service					1,313,705	-	1,313,705	-
Other Taxes					305,514	-	305,514	-
Grants and Contributions Not Restricted to Specific Programs					3,991,264	-	3,991,264	-
Unrestricted Investment Earnings					1,044,270	269,873	1,314,143	113,503
Miscellaneous					191,717	67,801	259,518	-
Special Item - Gain (Loss) on Retirement of Asset(s)					(472,412)	-	(472,412)	9,766
Transfers to/from CDA					(180,000)	-	(180,000)	180,000
Transfers					258,218	(258,218)	-	-
Total General Revenues, Transfers, and Special Items					<u>11,875,755</u>	<u>79,456</u>	<u>11,955,211</u>	<u>303,269</u>
Change in Net Position					<u>1,904,670</u>	<u>4,066,520</u>	<u>5,971,190</u>	<u>(200,307)</u>
Net Position - Beginning of Year, as Previously Presented					36,627,174	36,264,388	72,891,562	7,193,135
Restatement for Change in Accounting Principle					(282,910)	-	(282,910)	-
Net Position - Beginning of Year, Restated					<u>36,344,264</u>	<u>36,264,388</u>	<u>72,608,652</u>	<u>7,193,135</u>
Net Position - End of Year					<u>\$ 38,248,934</u>	<u>\$ 40,330,908</u>	<u>\$ 78,579,842</u>	<u>\$ 6,992,828</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Governmental Funds
December 31, 2024**

	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Fire and EMS Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 8,303,637	\$ 4,765,449	\$ 139,323	\$ 3,623,477	\$ 16,831,886
Receivables:					
Taxes	4,397,573	-	-	256,296	4,653,869
Delinquent Personal Property Taxes	2,242	-	-	-	2,242
Special Assessments	57,084	-	-	-	57,084
Accounts, net of Allowance	-	-	506,225	-	506,225
Leases	83,950	-	-	-	83,950
Other	122,207	48,995	-	183,165	354,367
Due from Other Governments	-	-	-	6,819	6,819
Due from Other Funds	104,942	-	-	-	104,942
Due from CDA	4,840	-	-	-	4,840
Prepaid Expenses	39,996	-	-	-	39,996
Total Assets	<u>\$ 13,116,471</u>	<u>\$ 4,814,444</u>	<u>\$ 645,548</u>	<u>\$ 4,069,757</u>	<u>\$ 22,646,220</u>
LIABILITIES					
Accounts Payable	\$ 244,637	\$ 593,876	\$ 29,024	\$ 51,408	\$ 918,945
Accrued Liabilities	545,905	-	82,399	65,584	693,888
Due to Other Funds	1,990	-	-	80,873	82,863
Total Liabilities	<u>792,532</u>	<u>593,876</u>	<u>111,423</u>	<u>197,865</u>	<u>1,695,696</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,551,901</u>	<u>-</u>	<u>378,595</u>	<u>387,716</u>	<u>7,318,212</u>
FUND BALANCES					
Nonspendable	42,238	-	-	-	42,238
Restricted	-	4,220,568	155,530	3,505,361	7,881,459
Assigned	2,582,684	-	-	-	2,582,684
Unassigned (Deficit)	3,147,116	-	-	(21,185)	3,125,931
Total Fund Balances	<u>5,772,038</u>	<u>4,220,568</u>	<u>155,530</u>	<u>3,484,176</u>	<u>13,632,312</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,116,471</u>	<u>\$ 4,814,444</u>	<u>\$ 645,548</u>	<u>\$ 4,069,757</u>	<u>\$ 22,646,220</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, 2024**

Total fund balance, governmental funds		\$ 13,632,312
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
		42,425,022
<p>The net pension asset (liability) is not a current financial resource and is, therefore, not reported in the fund statements.</p>		
		(567,454)
<p>The net OPEB asset (liability) is not a current financial obligation and is, therefore, not reported in the fund statements.</p>		
Life Insurance		(366,548)
Health Insurance		(176,878)
<p>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.</p>		
		1,705,924
<p>Deferred inflows of resources are reported in the fund financial statement but are already recognized as earned in the Statement of Position. This represents EMS revenues recognized on the Statement of Activities but not in the fund financials.</p>		
		391,945
<p>Some liabilities (such as General Obligation Debt, Long-Term Compensated Absences, and Leases Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
Long-term debt current portion	1,407,502	
Long-term debt non-current portion	15,850,909	
Unamortized premium on debt	591,861	
Compensated absences long-term portion	745,010	
Accrued interest	200,108	(18,795,390)
Rounding		1
Net Position of Governmental Activities in the Statement of Net Position		\$ 38,248,934

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, 2024**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Fire and EMS Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	\$ 4,538,648	\$ -	\$ -	\$ 2,198,536	\$ 6,737,184
Other Taxes	343,939	-	-	-	343,939
Special Assessment Revenue	2,725	-	-	-	2,725
Intergovernmental	4,865,277	18,043	561,088	709,893	6,154,301
License and Permits	147,578	-	-	-	147,578
Fines, Forfeits and Penalties	284,290	-	-	-	284,290
Public Charges for Services	62,162	-	807,540	665,437	1,535,139
Interest Income	893,836	81,457	-	30,816	1,006,109
Miscellaneous Income	481,990	1,480,602	133,052	56,288	2,151,932
Total Revenues	<u>11,620,445</u>	<u>1,580,102</u>	<u>1,501,680</u>	<u>3,660,970</u>	<u>18,363,197</u>
EXPENDITURES					
Current:					
General Government	2,076,177	-	-	-	2,076,177
Public Safety	5,267,879	-	2,162,627	27,787	7,458,293
Public Works	1,888,503	-	-	286,444	2,174,947
Culture, Recreation and Education	492,627	-	-	2,321,955	2,814,582
Conservation and Development	-	-	-	199,176	199,176
Capital Outlay	116,632	3,929,453	100,574	-	4,146,659
Debt Service:					
Principal Repayment	-	-	-	975,600	975,600
Interest Expense	12,642	156,141	-	356,864	525,647
Total Expenditures	<u>9,854,460</u>	<u>4,085,594</u>	<u>2,263,201</u>	<u>4,167,826</u>	<u>20,371,081</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,765,985</u>	<u>(2,505,492)</u>	<u>(761,521)</u>	<u>(506,856)</u>	<u>(2,007,884)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Long-Term Debt	449,383	5,550,617	-	-	6,000,000
Premium on Long-Term Debt	25,505	315,036	-	-	340,541
Transfers In	808,285	492,068	1,402,794	1,369,393	4,072,540
Transfers Out	(2,728,037)	(23,000)	(385,000)	(750,785)	(3,886,822)
Transfers Out to CDA	(32,500)	-	-	(75,000)	(107,500)
Total Other Financing Sources (Uses)	<u>(1,477,364)</u>	<u>6,334,721</u>	<u>1,017,794</u>	<u>543,608</u>	<u>6,418,759</u>
Net Change in Fund Balances	<u>288,621</u>	<u>3,829,229</u>	<u>256,273</u>	<u>36,752</u>	<u>4,410,875</u>
Fund Balances (Deficits) - Beginning of Year	5,483,417	-	(100,743)	3,838,763	9,221,437
Change within Financial Reporting Entity (nonmajor to major)	-	391,339	-	(391,339)	-
Fund Balances (Deficit) - Beginning of Year, as Restated	5,483,417	391,339	(100,743)	3,447,424	9,221,437
Fund Balances - End of Year	<u>\$ 5,772,038</u>	<u>\$ 4,220,568</u>	<u>\$ 155,530</u>	<u>\$ 3,484,176</u>	<u>\$ 13,632,312</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, 2024**

Net change in fund balances - total governmental funds: \$ 4,410,875

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 additions \$4,995,996 were greater than depreciation of \$1,819,403 in the current period. 3,176,593

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports the gain or (loss) on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (567,618)

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 government-wide financial statements in the current year but not yet recognized in the fund financial statements. 107,032

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 (6,000,000)
Debt repayment - general obligation 975,600

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 (128,129)
Adjustment for decrease in compensated absences 19,280
Adjustment for premium amortization (302,163)

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.

Change in net position of governmental activities 213,200
\$ 1,904,670

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Net Position
Proprietary Funds
December 31, 2024**

Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,800,760	\$ 3,361,900	\$ -	\$ 5,162,660
Receivables				
Accounts	234,748	373,386	49,362	657,496
Interest	435	-	-	435
Leases- Current portion	6,226	-	-	6,226
Due from Other Funds	1,990	-	-	1,990
Inventories	22,500	-	-	22,500
Total Current Assets	<u>2,066,659</u>	<u>3,735,286</u>	<u>49,362</u>	<u>5,851,307</u>
Restricted Assets:				
Restricted Cash	767,550	2,984,607	-	3,752,157
Total Restricted Assets	<u>767,550</u>	<u>2,984,607</u>	<u>-</u>	<u>3,752,157</u>
Capital Assets:				
Construction Work-In-Progress	369,343	3,387,900	6,974	3,764,217
Land	224,506	4,498,925	-	4,723,431
Utility Plant	29,692,440	57,757,495	8,075,745	95,525,680
Less Accumulated Depreciation	(9,483,190)	(27,578,100)	(1,179,600)	(38,240,890)
Net Capital Assets	<u>20,803,099</u>	<u>38,066,220</u>	<u>6,903,119</u>	<u>65,772,438</u>
Noncurrent Assets:				
Special Assessments	59,700	-	-	59,700
Long-Term Lease Receivable	21,949	-	-	21,949
Total Noncurrent Assets	<u>81,649</u>	<u>-</u>	<u>-</u>	<u>81,649</u>
Total Assets	<u>23,718,957</u>	<u>44,786,113</u>	<u>6,952,481</u>	<u>75,457,551</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	298,452	341,658	112,699	752,809
Total Deferred Outflows of Resources	<u>298,452</u>	<u>341,658</u>	<u>112,699</u>	<u>752,809</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 24,017,409</u>	<u>\$ 45,127,771</u>	<u>\$ 7,065,180</u>	<u>\$ 76,210,360</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Net Position
Proprietary Funds
December 31, 2024**

Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 89,563	\$ 345,751	\$ 35,883	\$ 471,197
Accrued Liabilities	35,314	35,052	8,875	79,241
Accrued Interest Payable	85,916	85,118	21,855	192,889
Due to Other Funds	-	-	17,194	17,194
Unearned Grant Advance	-	203,800	-	203,800
Compensated Absences	8,151	12,254	7,348	27,753
Current Portion of Long-Term Debt	491,300	1,713,287	210,000	2,414,587
Total Current Liabilities	<u>710,244</u>	<u>2,395,262</u>	<u>301,155</u>	<u>3,406,661</u>
Non-Current Liabilities:				
Long-Term Debt				
Notes Payable	125,200	50,000	180,000	355,200
Bonds and Loans Payable	9,600,000	19,204,840	2,175,000	30,979,840
Unamortized Debt Premium	273,987	136,806	73,754	484,547
Total Long-Term Debt	<u>9,999,187</u>	<u>19,391,646</u>	<u>2,428,754</u>	<u>31,819,587</u>
Other Liabilities:				
Compensated Absences	22,977	33,424	36,837	93,238
Net Pension Liability	32,702	37,435	12,348	82,485
Total Other Liabilities	<u>55,679</u>	<u>70,859</u>	<u>49,185</u>	<u>175,723</u>
Total Non-Current Liabilities	<u>10,054,866</u>	<u>19,462,505</u>	<u>2,477,939</u>	<u>31,995,310</u>
Total Liabilities	<u>10,765,110</u>	<u>21,857,767</u>	<u>2,779,094</u>	<u>35,401,971</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	174,694	199,983	65,966	440,643
Deferred Leases Inflows	36,838	-	-	36,838
Total Deferred Inflows of Resources	<u>211,532</u>	<u>199,983</u>	<u>65,966</u>	<u>477,481</u>
NET POSITION				
Net Investment in Capital Assets	11,030,963	17,012,622	4,264,365	32,307,950
Restricted				
Debt	20,833	127,983	-	148,816
Capital	-	2,768,921	-	2,768,921
Unrestricted	1,988,971	3,160,495	(44,245)	5,105,221
Total Net Position	<u>13,040,767</u>	<u>23,070,021</u>	<u>4,220,120</u>	<u>40,330,908</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 24,017,409</u>	<u>\$ 45,127,771</u>	<u>\$ 7,065,180</u>	<u>\$ 76,210,360</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2024**

	Enterprise Funds			
	Water	Wastewater	Stormwater	Total
OPERATING REVENUES				
Charges for Services	\$ 2,977,702	\$ 4,150,240	\$ 536,259	\$ 7,664,201
Other Operating Revenues	-	-	17,000	17,000
Total Operating Revenues	<u>2,977,702</u>	<u>4,150,240</u>	<u>553,259</u>	<u>7,681,201</u>
OPERATING EXPENSES				
Operation and Maintenance	1,497,768	1,644,345	484,687	3,626,800
Depreciation	535,221	1,260,613	130,431	1,926,265
Total Operating Expenses	<u>2,032,989</u>	<u>2,904,958</u>	<u>615,118</u>	<u>5,553,065</u>
Operating Income (Loss)	<u>944,713</u>	<u>1,245,282</u>	<u>(61,859)</u>	<u>2,128,136</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	47,679	222,194	-	269,873
Miscellaneous Non-Operating Revenues	58,024	4,930	4,847	67,801
Capital Grants	-	1,629,799	-	1,629,799
Interest Expense	(482,800)	(500,074)	(92,282)	(1,075,156)
Total Non-Operating Revenue (Expenses)	<u>(377,097)</u>	<u>1,356,849</u>	<u>(87,435)</u>	<u>892,317</u>
Income (Loss) Before Contributions and Transfers	567,616	2,602,131	(149,294)	3,020,453
Capital Contributions	1,269,629	34,656	-	1,304,285
Transfers In	204,342	-	-	204,342
Transfers Out	(362,935)	(74,625)	(25,000)	(462,560)
Change in Net Position	<u>1,678,652</u>	<u>2,562,162</u>	<u>(174,294)</u>	<u>4,066,520</u>
Total Net Position - Beginning of Year	<u>11,362,115</u>	<u>20,507,859</u>	<u>4,394,414</u>	<u>36,264,388</u>
Total Net Position - End of Year	<u>\$ 13,040,767</u>	<u>\$ 23,070,021</u>	<u>\$ 4,220,120</u>	<u>\$ 40,330,908</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024**

	Enterprise Funds			Totals
	Water	Wastewater	Stormwater	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 2,954,672	\$ 4,127,640	\$ 553,220	\$ 7,635,532
Payments to suppliers	(908,762)	(824,968)	(162,352)	(1,896,082)
Payments to employees	(756,976)	(891,403)	(324,327)	(1,972,706)
Taxes paid	(362,935)	-	-	(362,935)
Net cash provided (used) by operating activities	<u>925,999</u>	<u>2,411,269</u>	<u>66,541</u>	<u>3,403,809</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition and construction of plant assets	(2,390,972)	(3,832,215)	(576,300)	(6,799,487)
Proceeds of debt	1,275,000	1,056,699	350,000	2,681,699
Principal payments on long-term debt	(511,300)	(1,676,993)	(180,000)	(2,368,293)
Interest and debt issuance costs paid	(454,653)	(509,129)	(74,093)	(1,037,875)
Transfers in	204,342	-	-	204,342
Proceeds from capital grants	-	966,699	-	966,699
Net cash provided (used) by capital and related financing activities	<u>(1,877,583)</u>	<u>(3,994,939)</u>	<u>(480,393)</u>	<u>(6,352,915)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	47,433	222,194	-	269,627
Net cash provided (used) by investing activities	<u>47,433</u>	<u>222,194</u>	<u>-</u>	<u>269,627</u>
Net increase (decrease) in cash and equivalents	(904,151)	(1,361,476)	(413,852)	(2,679,479)
Cash and equivalents - beginning of year	<u>3,472,461</u>	<u>7,707,983</u>	<u>413,852</u>	<u>11,594,296</u>
Cash and equivalents - end of year	<u>\$ 2,568,310</u>	<u>\$ 6,346,507</u>	<u>\$ -</u>	<u>\$ 8,914,817</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024**

	Enterprise Funds			Totals
	Water	Wastewater	Stormwater	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 944,713	\$ 1,245,282	\$ (61,859)	\$ 2,128,136
Adjustments to Reconcile Operating Income (Loss):				
Depreciation	535,221	1,260,613	130,431	1,926,265
Pension expense	(13,412)	(10,948)	(4,148)	(28,508)
Joint meter	25,350	(25,350)	-	-
Tax equivalent	(362,935)	-	-	(362,935)
Other income (expense)	55,886	4,930	4,847	65,663
Transfer out	-	-	(25,000)	(25,000)
Cash Provided (Used) by Operating Activities:				
Changes in Assets and Liabilities:				
Customer accounts receivable	(23,030)	(22,600)	(39)	(45,669)
Other accounts receivable	(59,700)	-	-	(59,700)
Due from/to other funds	4,813	-	17,194	22,007
Accounts payable	(204,911)	(69,397)	(22,674)	(296,982)
Accrued liabilities	24,004	28,739	27,789	80,532
Net cash provided (used) by operating activities	<u>\$ 925,999</u>	<u>\$ 2,411,269</u>	<u>\$ 66,541</u>	<u>\$ 3,403,809</u>
Noncash Activity				
Plant financed through accounts payable	\$ 53,028	\$ 326,934	\$ 28,385	\$ 408,347
Net noncash activity	<u>\$ 53,028</u>	<u>\$ 326,934</u>	<u>\$ 28,385</u>	<u>\$ 408,347</u>
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and cash equivalents	\$ 1,800,760	\$ 3,361,900	\$ -	\$ 5,162,660
Restricted cash	767,550	2,984,607	-	3,752,157
Total cash and cash equivalents	<u>\$ 2,568,310</u>	<u>\$ 6,346,507</u>	<u>\$ -</u>	<u>\$ 8,914,817</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024**

	Tax Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 3,314,261
Receivables:	
Taxes Receivable	7,057,588
Other Receivables	302
Total Assets	<u>\$ 10,372,151</u>
 LIABILITIES	
Due to Other Funds	\$ 6,875
Due to Other Governments	10,365,276
Total Liabilities	<u>\$ 10,372,151</u>

See accompanying notes to the basic financial statements

**City of Whitewater
Whitewater, WI**

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024**

	Tax Custodial Fund
ADDITIONS	
Property tax collections for other governments	\$ 6,458,572
Total additions	6,458,572
 DEDUCTIONS	
Payments of taxes to other governments	6,458,572
Total deductions	6,458,572
Net increase (decrease) in fiduciary net position	-
Net position - Beginning of Year	-
Net position - End of Year	\$ -

See accompanying notes to the basic financial statements

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

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 2024. The CDA does not issue separate financial statements.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

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.

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.

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.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

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.

Capital Projects Fund – Accounts for the acquisition or construction of major capital facilities and infrastructure.

Fire and EMS Fund – Accounts for revenues and expenditures related to the City’s Fire and EMS department.

Major and Non-Major Enterprise Funds

The City reports the following 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 (Major Fund)

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

Non-Major Governmental Funds

The City reports the following non-major governmental funds:

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

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
- Aquatic Center Capital 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 District No's. 10-14
- Housing Fund

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government *controls* the assets that finance the activity, b) Assets are *not* generated from the *government's own-source revenues* or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a *qualifying trust* or the government does *not* have *administrative involvement* and the assets are *not* generated from the *government's delivery of goods or services* to the beneficiaries, *or* the assets are for the benefit of *entities that are not part of the government's reporting entity*.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

The City reports the following fiduciary funds:

Custodial 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 tax collections payable to overlying taxing jurisdictions in a custodial 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, Wastewater, and Stormwater 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 Basic Financial Statements
December 31, 2024

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, Wastewater, and Stormwater 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 Basic Financial Statements
December 31, 2024

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, technical college district, village, city, town, 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 and the Wisconsin Aerospace 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 Basic Financial Statements
December 31, 2024

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 – 2024 tax roll

Lien date and levy date	December, 2024
Tax Bills mailed	December, 2024
Payment in full, or	January 31, 2025
First installment due	January 31, 2025
Second installment due	July 31, 2025

Allowance for Uncollectible Accounts

General Fund accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end. Accounts receivable related to Fire/EMS charges have been shown net of an allowance for uncollectible accounts of \$277,622 in the Fire and EMS Fund.

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 Wastewater 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 Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

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

Leases as Lessor

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

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

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 also 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.

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 acquisition 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.

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 8 to 77 years for the Water Utility and 4 to 100 years 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 65 to 85 years.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

Fund Financial Statements

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

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

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements.

Amounts of accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the statement of net position. A liability is also recorded for accumulating rights to receive sick pay benefits for the portion more likely than not to be used by employees. Additionally, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will more likely than not be paid out by cash or non-cash means upon termination. The City accrues salary-related payments associated with payments of compensated absences.

Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bond payable, and accrued compensated absences.

All short term and long-term obligations expected to be financed from proprietary fund type operations are accounted for as those fund liabilities.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as “Other Financing Sources” in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations/Conduit Debt (Continued)

For the government-wide statements and the proprietary fund statements, bond premiums and discounts are 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 had 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.

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.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

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

Equity Classifications (Continued)

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.
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, as regulated by the Wisconsin Public Service Commission, effective April 28, 2023. Current wastewater rates were approved by the City Council on June 27, 2019 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.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

G. Deficit Balances

Generally accepted accounting principles require disclosure of individual non-major funds that have deficit balances at year-end. As of December 31, 2024, the following individual funds held a deficit balance:

Taxicab Grant Program Fund	\$	(20,372)
TID 13	\$	(813)

The TIF deficits are anticipated to be replenished with future increments. The Taxicab Grant Program Fund deficit is financed internally and will be monitored over the next few years.

H. Tax Incremental Financing District

The City has 5 active Tax Incremental Districts (“TIF’s”). TIFs 10-14 are in existence. TIF’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. Pensions

The fiduciary net position of the Wisconsin Retirement System (“WRS”) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS’ fiduciary net position have been determined on the same basis as they are reported by the WRS. 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 Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

K. Other Post-Employment Benefits

Group Life Insurance Plan

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 following:

- Net Other Postemployment Benefits (“OPEB”) Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs, and
- OPEB Expense (Revenue).

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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City Health Insurance Plan

For purposes of measuring the OPEB Health Insurance liability and OPEB expense, information of the City’s OPEB plan has been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with benefit terms.

L. Deferred Outflows of Resources and Inflows of Resources

In addition to assets, the statement of net 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 net 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 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 2025, and deferred inflows related to lease accounting, the WRS pension system, health insurance, and the LRLIF.

The net position of the City is significantly impacted by the combined effect of deferred outflows and inflows of resources from the pension and OPEB plans.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

M. Change in Accounting Principles

Effective January 1, 2024, the City adopted GASB Statement No. 100 (“GASB 100”), *Accounting Changes and Error Corrections*. GASB 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City did have a change in its reporting entity that required disclosure in the financial statements. See Note 20 for additional information.

Effective January 1, 2024, the City adopted GASB Statement No. 101 (“GASB 101”), *Compensated Absences*. GASB 101 was issued to provide guidance on the accounting and financial reporting for compensated absences. As a result of adopting GASB 101, the City made changes to the way it recognizes and measures its compensated absences liabilities and an adjustment to beginning net position was required for the governmental activities. See Note 20 for additional information.

2. Cash and Cash Equivalents/Investments

As previously discussed, cash for all City funds is pooled for investment purposes. At December 31, 2024, the cash and investments consist of the following:

	Carrying Value	Bank Balance	Associated Risk
Deposits in financial institutions - City	\$ 24,654,672	\$ 24,838,322	Custodial credit risk, interest rate risk
Deposits in financial institutions - CDA	919,721	919,721	Custodial credit risk, interest rate risk
LGIP	4,495,527	4,495,527	Credit risk, interest rate risk
Total Cash and Investments	\$ 30,069,920	\$ 30,253,570	

Reconciliation to Financial Statements

Per Statement of Net Position

Primary Government

Cash and Cash Equivalents \$ 21,994,546

Restricted Cash and Cash Equivalents 3,752,157

Component Unit 1,008,956

Fiduciary Funds

Tax Custodial Fund 3,314,261

Total Cash and Cash Equivalents \$ 30,069,920

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

2. Cash and Cash Equivalents/Investments (Continued)

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, 2024, the Local Government Investment Pool (“LGIP”) investments have an average maturity of 9 days and a fair value of \$4,495,527.

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, 2024, 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, 2024 was: 97% in U.S. Government Securities and 3% in Certificates of Deposits, Commercial Paper, and Time Deposits. 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.

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.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

2. Cash and Cash Equivalents/Investments (Continued)

C. Custodial Credit Risk (Continued)

Bank accounts, credit union accounts, and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. 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 uninsured deposits in financial institutions are collateralized by various instruments. These include depository bonds and collateralized investments.

As of December 31, 2024, the City's deposits with financial institutions in excess of federal depository insurance limits that were exposed to custodial credit risk are listed below:

Uninsured and collateral held by the pledging financial institution's trust department or agent not in the City's name	<u><u>\$ 11,618,037</u></u>
Uninsured and uncollateralized	<u><u>\$ 4,942,024</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.

3. Receivables

The following accounts receivable amounts are not expected to be collected within one year:

	<u>General</u>
Delinquent personal property taxes	\$ 2,242
Delinquent special charges	<u>6,445</u>
Total	<u><u>\$ 8,687</u></u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

3. Receivables (Continued)

The City has entered into lease agreements where the City leases office space and space on its water tower for telecommunication equipment. In the statement of activities, lease revenue for the year ended December 31, 2024 was as follows:

	For the Year Ended December 31, 2024			
	Governmental Activities	Business-type Activities	Component Unit	Total
Lease-related Revenue				
Lease Revenue				
Land and Equipment	\$ (21,480)	\$ (17,158)	\$ -	\$ (38,638)
Office Space	(5,718)	-	(179,258)	(184,976)
Total Lease Revenue	(27,198)	(17,158)	(179,258)	(223,614)
Interest Revenue	(1,570)	(572)	(28,476)	(30,618)
Total	\$ (28,768)	\$ (17,730)	\$ (207,734)	\$ (254,232)

Aggregate future cash flows for the revenue generated by the lease receivables and interest for the City as of December 31, 2024 were as follows:

Year Ended December 31,	Governmental Activities		Business-type Activities		Component Unit		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ (8,757)	\$ (3,643)	\$ (6,226)	\$ (1,054)	\$ (135,057)	\$ (23,064)	\$ (150,040)	\$ (27,761)
2026	(13,537)	(2,963)	(6,750)	(821)	(127,271)	(17,834)	(147,558)	(21,618)
2027	(14,440)	(2,360)	(7,305)	(569)	(112,988)	(13,242)	(134,733)	(16,171)
2028	(15,071)	(1,729)	(7,894)	(296)	(83,750)	(9,250)	(106,715)	(11,275)
2029	(15,729)	(1,071)	-	-	(87,162)	(5,838)	(102,891)	(6,909)
2030-2031	(16,416)	(384)	-	-	(98,438)	(2,310)	(114,854)	(2,694)
Total	\$ (83,950)	\$ (12,150)	\$ (28,175)	\$ (2,740)	\$ (644,666)	\$ (71,538)	\$ (756,791)	\$ (86,428)

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

3. Receivables (Continued)

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:

	Unearned	Total
Property taxes for subsequent year	\$ 6,834,668	\$ 6,834,668
In lieu of taxes for subsequent year	9,968	9,968
Tournament entry fees	13,350	13,350
Leases	81,631	81,631
Fire & EMS revenue	378,595	378,595
Total Deferred Inflows of Resources For Governmental Funds	\$ 7,318,212	\$ 7,318,212

4. Restricted Assets

The following represent the balances of the restricted cash and cash equivalents as of December 31, 2024:

	Water Utility	Wastewater Utility	Totals
Restricted Assets			
Redemption account	\$ 49,199	\$ 164,351	\$ 213,550
Reserve account	718,351	51,335	769,686
Connection account	-	397,022	397,022
DNR Replacement account	-	2,371,899	2,371,899
Total Restricted Assets	\$ 767,550	\$ 2,984,607	\$ 3,752,157

Long-Term Debt Accounts

Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.

Equipment Replacement Account

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

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

5. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2024, was as follows:

	1/1/2024 Beginning Balance	Additions	Deletions	12/31/2024 Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 1,392,186	\$ 2,160,453	\$ 33,257	\$ 3,519,382
Land	2,735,526	-	-	2,735,526
Right of Way	1,879,406	-	-	1,879,406
Land Improvements	4,841,168	-	-	4,841,168
Total Capital Assets				
Not Being Depreciated	<u>10,848,286</u>	<u>2,160,453</u>	<u>33,257</u>	<u>12,975,482</u>
Capital Assets Being Depreciated				
Land Improvements	2,617,377	51,000	-	2,668,377
Buildings	12,465,810	86,567	-	12,552,377
Traffic and Street Lights	1,471,875	-	-	1,471,875
Machinery and Equipment	8,902,079	1,039,334	-	9,941,413
Streets	29,753,694	912,917	1,888,055	28,778,556
Sidewalks	1,257,134	543,444	-	1,800,578
Curb and Gutter	1,056,113	235,538	-	1,291,651
Total Capital Assets				
Being Depreciated	<u>57,524,082</u>	<u>2,868,800</u>	<u>1,888,055</u>	<u>58,504,827</u>
Accumulated Depreciation				
Total Accumulated Depreciation	<u>28,556,321</u>	<u>1,819,403</u>	<u>1,320,437</u>	<u>29,055,287</u>
Capital Assets,				
Net of Depreciation	<u><u>\$ 39,816,047</u></u>	<u><u>\$ 3,209,850</u></u>	<u><u>\$ 600,875</u></u>	<u><u>\$ 42,425,022</u></u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

5. Capital Assets (Continued)

Depreciation expense for the governmental activities is as follows:

Government Activities		
General Government	\$	171,709
Public Safety		273,505
Public Works, which includes the depreciation of streets (including curb and gutter) and sidewalks		1,149,838
Culture, Recreation and Education		224,351
Total Governmental Activities Depreciation Expense	\$	<u>1,819,403</u>

Capital asset activity in the business-type activities for the year ended December 31, 2024, was as follows:

	1/1/2024 Beginning Balance	Additions	Deletions	12/31/2024 Ending Balance
<u>Water</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 672,739	\$ 365,696	\$ 669,092	\$ 369,343
Land and land rights	224,506	-	-	224,506
Total Capital Assets Not Being Depreciated	<u>897,245</u>	<u>365,696</u>	<u>669,092</u>	<u>593,849</u>
Capital Assets Being Depreciated				
Source of supply	705,364	1,008,268	-	1,713,632
Pumping	987,932	183,553	-	1,171,485
Water treatment	1,458,742	136,698	-	1,595,440
Transmission and distribution	22,458,161	1,824,590	134,100	24,148,651
Administrative and general assets	1,051,182	12,050	-	1,063,232
Total Capital Assets Being Depreciated	<u>26,661,381</u>	<u>3,165,159</u>	<u>134,100</u>	<u>29,692,440</u>
Total Capital Assets	<u>27,558,626</u>	<u>3,530,855</u>	<u>803,192</u>	<u>30,286,289</u>
Less: Accumulated depreciation	<u>(9,056,719)</u>	<u>(560,571)</u>	<u>(134,100)</u>	<u>(9,483,190)</u>
Net Capital Assets	<u>\$ 18,501,907</u>	<u>\$ 2,970,284</u>	<u>\$ 669,092</u>	<u>\$ 20,803,099</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

5. Capital Assets (Continued)

	1/1/2024 Beginning Balance	Additions	Deletions	12/31/2024 Ending Balance
<u>Wastewater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 236,469	\$ 3,191,250	\$ 39,819	\$ 3,387,900
Land and land rights	4,498,925	-	-	4,498,925
Total Capital Assets Not Being Depreciated	4,735,394	3,191,250	39,819	7,886,825
Capital Assets Being Depreciated				
Collection system	17,335,824	932,749	36,490	18,232,083
Treatment and disposal	37,645,225	-	-	37,645,225
General	1,845,187	35,000	-	1,880,187
Total Capital Assets Being Depreciated	56,826,236	967,749	36,490	57,757,495
Total Capital Assets	61,561,630	4,158,999	76,309	65,644,320
Less: Accumulated depreciation	(26,379,327)	(1,235,263)	(36,490)	(27,578,100)
Net Capital Assets	\$ 35,182,303	\$ 2,923,736	\$ 39,819	\$ 38,066,220
	1/1/2024 Beginning Balance	Additions	Deletions	12/31/2024 Ending Balance
<u>Stormwater</u>				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 75,680	\$ 3,327	\$ 72,033	\$ 6,974
Total Capital Assets Not Being Depreciated	75,680	3,327	72,033	6,974
Capital Assets Being Depreciated				
Infrastructure	7,402,354	673,391	-	8,075,745
Less: Accumulated depreciation	(1,049,169)	(130,431)	-	(1,179,600)
Net Capital Assets	\$ 6,428,865	\$ 546,287	\$ 72,033	\$ 6,903,119

Listed below is the depreciation expense for the utilities.

Business Type Activities	
Water Utility	\$ 535,221
Wastewater Utility	1,260,613
Stormwater Utility	130,431
Total Business-Type Activities Depreciation Expense	<u>\$ 1,926,265</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

6. Interfund Receivables/Payables 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	Taxicab Grant Program Fund	\$ 79,038
General Fund	Police Department Trust Fund	1,022
General Fund	Tax Custodial Fund	6,875
General Fund	TIFs 10, 12, and 13	813
General Fund	Stormwater Utility	17,194
Subtotal - General Fund		104,942
Water Utility	General Fund	1,990
Subtotal - Proprietary Funds		1,990
Subtotal - Fund Financial Statements		106,932
Less: Fund Eliminations		(91,728)
Total - Government-Wide Statements		\$ 15,204
Receivable Fund	Payable Fund	Amount
Governmental Activities	Tax Collection Fund	\$ 6,875
Governmental Activities	Component Unit Activities	4,840
Governmental Activities	Business-Type Activities	15,204
	Total	\$ 26,919

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, and business-type activities are netted and eliminated.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

6. Interfund Receivables/Payables and Transfers (Continued)

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Parking Permit Fund	\$ 35,350	Administrative
General Fund	Fire and EMS Fund	385,000	Administrative
General Fund	Water and Wastewater	362,935	Tax equivalent
General Fund	Stormwater Utility	25,000	Capital equipment
Subtotal - General Fund		<u>808,285</u>	
Capital Projects Funds	General Fund	500	Appropriation
Capital Projects Funds	Library Special Revenue Fund	491,568	Appropriation
Subtotal - Capital Projects Fund		<u>492,068</u>	
Fire and EMS Fund	General Fund	<u>1,402,794</u>	Appropriation
Aquatic Center Fund	General Fund	50,260	Capital improvements
Aquatic Center Fund	General Fund	323,764	Appropriation
Aquatic Center Fund	Capital Projects Funds	23,000	Appropriation
Aquatic Center Capital Fund	Aquatic Center Fund	49,740	Capital improvements
Parks and Recreation Fund	General Fund	261,271	Appropriation
Library Special Revenue Fund	General Fund	627,558	Appropriation
Forestry Fund	General Fund	10,000	Appropriation
Parks and Recreation Fund	Field of Dreams Fund	5,050	Appropriation
Debt Service Fund	General Fund	2,150	Debt service payment
Debt Service Fund	TIF 12	16,600	Debt service payment
Subtotal - Non-Major Funds		<u>1,369,393</u>	
Water Utility	TIFs 10, 11, and 13	129,717	Debt Service Payments
Water Utility	Wastewater Utility	74,625	Water mains
Subtotal - Enterprise Funds		<u>204,342</u>	
Sub-Total – Fund Financial Statements		4,276,882	
Less: Fund Eliminations		<u>(4,018,664)</u>	
Total – Government-Wide Statement of Activities - Primary Government		<u>\$ 258,218</u>	
CDA	Housing	\$ 50,000	Economic development
CDA	TIFs 10, 11, and 12	97,500	Economic development
CDA	General Fund	32,500	Economic development
Total – Government-Wide Statement of Activities - Component Unit		<u>\$ 180,000</u>	

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

6. Interfund Receivables/Payables and Transfers (Continued)

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.

7. Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2024.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Notes and Bonds	\$ 11,480,000	\$ 6,000,000	\$ 860,000	\$ 16,620,000	\$ 1,150,000
Notes from Direct Borrowings	607,915	-	115,600	492,315	111,406
Total Bonds and Notes Payable	<u>12,087,915</u>	<u>6,000,000</u>	<u>975,600</u>	<u>17,112,315</u>	<u>1,261,406</u>
Other Liabilities					
Vested Compensated Absences	910,386	-	19,280	891,106	146,096
Total Other Liabilities	<u>910,386</u>	<u>-</u>	<u>19,280</u>	<u>891,106</u>	<u>146,096</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 12,998,301</u>	<u>\$ 6,000,000</u>	<u>\$ 994,880</u>	<u>\$ 18,003,421</u>	<u>\$ 1,407,502</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General Obligation Notes and Bonds	\$ 8,430,000	\$ 350,000	\$ 550,000	\$ 8,230,000	\$ 585,000
Bonds from Direct Borrowings	17,056,221	966,699	1,388,293	16,634,627	1,454,587
Revenue Bonds	7,950,000	1,365,000	430,000	8,885,000	375,000
Total Bonds and Notes Payable	<u>33,436,221</u>	<u>2,681,699</u>	<u>2,368,293</u>	<u>33,749,627</u>	<u>2,414,587</u>
Other Liabilities					
Vested Compensated Absences	71,485	49,506	-	120,991	27,752
Total Other Liabilities	<u>71,485</u>	<u>49,506</u>	<u>-</u>	<u>120,991</u>	<u>27,752</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 33,507,706</u>	<u>\$ 2,731,205</u>	<u>\$ 2,368,293</u>	<u>\$ 33,870,618</u>	<u>\$ 2,442,339</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

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, 2024, is \$52,083,825. Debt subject to the limit is \$25,561,315.

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 12/31/24</u>	<u>Current Portion</u>
Governmental Activities						
2012 GO Refunding Bonds	5/17/2012	9/1/2031	.85-3.25%	\$ 5,020,000	\$ 2,220,000	\$ 295,000
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 2,645,000	1,390,000	285,000
2018 GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 2,535,000	2,115,000	-
2019 GO Promissory Notes	7/23/2019	7/23/2029	2.49%	\$ 703,500	288,750	57,750
2020 GO Bonds	7/8/2020	6/1/2040	2.0-2.1%	\$ 1,450,000	870,000	175,000
2022 GO Bonds	3/30/2022	6/1/2041	3.0-4.0%	\$ 4,165,000	4,025,000	90,000
2022 GO Promissory Notes	12/9/2022	12/15/2032	3.99%	\$ 304,500	203,565	53,656
2024 GO Promissory Notes	7/17/2024	6/1/2044	4.0-5.0%	\$ 6,000,000	6,000,000	305,000
Total Governmental Activities -- General Obligation Debt					<u>\$ 17,112,315</u>	<u>\$ 1,261,406</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

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</u>			
	<u>General Obligation Bonds and</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,150,000	\$ 692,587	\$ 111,406	\$ 14,781
2026	1,220,000	550,383	113,568	11,180
2027	985,000	515,005	115,817	7,493
2028	1,085,000	481,990	64,526	4,258
2029	1,165,000	443,565	64,803	2,535
2030-2034	5,210,000	1,544,610	22,195	1,540
2035-2039	3,655,000	722,021	-	-
2040-2044	2,150,000	175,526	-	-
Totals	\$ 16,620,000	\$ 5,125,687	\$ 492,315	\$ 41,787

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 12/31/24</u>	<u>Current Portion</u>
<u>Water Utility</u>						
2022 Mortgage Revenue Bonds	6/9/2022	5/1/2042	4.0-5.0%	\$ 4,625,000	\$ 5,780,000	\$ 225,000
2024 Revenue Bonds	7/17/2024	5/1/2044	4.0-5.0%	\$ 1,275,000	1,275,000	25,000
					<u>7,055,000</u>	<u>250,000</u>
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 510,000	195,000	35,000
2018 GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 1,850,000	1,370,000	95,000
2019 GO Promissory Notes	7/23/2019	7/23/2029	2.49%	\$ 313,000	156,500	31,300
2020 GO Bonds	7/8/2020	6/1/2040	2.0-2.1%	\$ 1,730,000	1,440,000	80,000
			Total Water Utility G.O. Debt		<u>3,161,500</u>	<u>241,300</u>
			Total Water Utility Long-Term Debt		<u>10,216,500</u>	<u>491,300</u>

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

7. Long-Term Obligations (Continued)

B. Business-Type Debt (Continued)

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/24</u>	<u>Current Portion</u>
<u>Wastewater Utility</u>						
2009 Clean Water Fund Loan	12/9/2009	5/1/2029	2.91%	\$ 2,766,890	\$ 898,986	\$ 169,633
2011 Clean Water Fund Loan	7/27/2011	5/1/2031	2.40%	\$ 614,198	257,938	34,279
2016 Clean Water Fund Loan	4/13/2016	5/1/2035	2.10%	\$ 20,799,553	14,292,004	1,168,515
2022 Mortgage Revenue Bonds	6/9/2022	5/1/2042	4.0-5.0%	\$ 3,565,000	1,740,000	120,000
2024 Clean Water Fund Loan	8/14/2024	5/1/2044	2.365%	\$ 966,699	966,699	38,360
2024 Revenue Bonds	7/17/2024	5/1/2034	4.0-5.0%	\$ 90,000	90,000	5,000
		Total Wastewater Utility Revenue Bonds			18,245,627	1,535,787
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 220,000	80,000	15,000
2018 GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 1,355,000	1,085,000	65,000
2019 GO Promissory Notes	7/23/2019	7/23/2029	2.49%	\$ 133,500	62,500	12,500
2020 GO Bonds	7/8/2020	6/1/2040	2.0-2.1%	\$ 1,795,000	1,495,000	85,000
		Total Wastewater Utility G.O. Debt			2,722,500	177,500
		Total Wastewater Utility Long-Term Debt			20,968,127	1,713,287
<u>Stormwater Utility</u>						
2012 GO Refunding Bonds	5/17/2012	9/1/2031	.85-3.25%	\$ 455,000	210,000	30,000
2014 GO Bonds	6/10/2014	9/1/2029	0.5-3.0%	\$ 905,000	345,000	65,000
2018 GO Bonds	4/11/2018	9/1/2037	2.0-5.0%	\$ 800,000	595,000	35,000
2020 GO Bonds	7/8/2020	6/1/2040	2.0-2.1%	\$ 220,000	180,000	10,000
2022 GO Bonds	3/30/2022	6/1/2041	3.0-4.0%	\$ 965,000	885,000	45,000
2024 GO Promissory Notes	7/17/2024	6/1/2044	4.0-5.0%	\$ 350,000	350,000	25,000
		Total Stormwater Utility G.O. Debt			2,565,000	210,000
		Total Business-type Activities Long-Term Debt			\$ 33,749,627	\$ 2,414,587

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

7. Long-Term Obligations (Continued)

B. Business-Type Debt (Continued)

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

<u>Years</u>	<u>General Obligation Bonds and</u>		<u>Business-Type Activities</u>			
	<u>Notes</u>		<u>Bonds from Direct Borrowings</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 585,000	\$ 239,049	\$ 1,454,587	\$ 344,355	\$ 375,000	\$ 396,526
2026	585,000	213,747	1,485,792	312,551	390,000	360,169
2027	605,000	194,048	1,517,697	279,197	325,000	342,294
2028	620,000	177,483	1,550,319	245,124	260,000	327,669
2029	630,000	160,400	1,583,673	210,299	285,000	314,044
2030-2034	2,580,000	560,679	7,064,533	591,162	2,135,000	1,293,887
2035-2039	2,244,999	197,027	1,692,484	64,170	2,880,000	769,794
2040-2044	380,001	17,769	285,542	17,198	2,235,000	160,559
Totals	<u>\$ 8,230,000</u>	<u>\$ 1,760,202</u>	<u>\$ 16,634,627</u>	<u>\$ 2,064,056</u>	<u>\$ 8,885,000</u>	<u>\$ 3,964,942</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.

D. Bond Covenant Disclosures

The information on the following page is provided in compliance with the resolution creating the City’s revenue bonds and Clean Water Fund loans.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

7. Long-Term Obligations (Continued)

D. Bond Covenant Disclosures (Continued)

Insurance

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

Debt Coverage

Under terms of the resolution providing for the issue of revenue bonds, revenue less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 or 1.20 times the highest annual debt service of the bonds. The coverage only include revenue debt and does not include general obligation or other debt. The debt coverage requirements on the revenue bonds and Clean Water Fund loans are associated with the water utility only. The coverage requirements were met in 2024 as follows:

	Water Revenue Bonds	Sewer Clean Water Fund Loan and Revenue Bonds
Operating revenues	\$ 2,977,702	\$ 4,150,240
Investment income	47,679	222,194
Less: Operation and maintenance expenses	(1,497,768)	(1,644,345)
Net Earnings	\$ 1,527,613	\$ 2,728,089
Minimum Required Earnings per Resolution:		
Highest annual debt service revenue bonds	\$ 600,297	\$ 1,956,970
Coverage factor	1.20	1.20
Minimum Required Earnings	\$ 720,356	\$ 2,348,364

8. Commitments

Construction

The City has committed up to \$3 million for a library expansion. The total costs anticipated are \$5.057 million. As of December 31, 2024, library renovations totaling \$2,020,471 were completed and are reported as construction work-in-progress on the Statement of Financial Position.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

9. Fund Balances

Fund balances as of December 31, 2024, include the items in the following tables:

Major Funds

<u>General Fund</u>	Nonspendable	Restricted	Assigned	Unassigned
Delinquent personal property tax	\$ 2,242	\$ -	\$ -	\$ -
Prepaid expenses	39,996	-	-	-
Fire Department Equipment	-	-	1,591,676	-
DPW Equipment Revolving Fund	-	-	339,680	-
Police Vehicle Revolving Fund	-	-	32,723	-
Building Repair Fund	-	-	46,152	-
Skate Park Fund	-	-	5,433	-
Solid Waste/Recycling Fund	-	-	14,760	-
Sick Leave Severance Fund	-	-	38,692	-
Lakes Improvements Fund	-	-	22	-
Street Repair Revolving Fund	-	-	400,813	-
Insurance Fund	-	-	96,681	-
Elections Fund	-	-	16,052	-
Unassigned	-	-	-	3,147,116
Total General Fund	<u>\$ 42,238</u>	<u>\$ -</u>	<u>\$ 2,582,684</u>	<u>\$ 3,147,116</u>

Fire and EMS

Fund balance	<u>\$ 155,530</u>
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Capital Projects

Fund balance	<u>\$ 4,220,568</u>
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CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

9. Fund Balances (Continued)

<u>Non-Major Funds</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Special Revenue Funds				
Cable TV Fund	\$ -	\$ 37,103	\$ -	\$ -
Library Special Revenue Fund	-	594,244	-	-
Taxicab Grant Program Fund (deficit)	-	-	-	(20,372)
Parkland Acquisition Fund	-	61,233	-	-
Parkland Development Fund	-	19,506	-	-
Forestry Fund	-	4,210	-	-
Rescue Squad Equipment/Education Fund	-	129,503	-	-
Parking Permit Fund	-	69,132	-	-
Police Dept. Trust Fund	-	81,949	-	-
Parks and Recreation Fund	-	51,347	-	-
Field of Dreams Fund	-	52,034	-	-
Aquatic Center Capital Fund	-	49,740	-	-
Capital Projects Funds				
TID 10	-	138,500	-	-
TID 11	-	15,343	-	-
TID 12	-	39,786	-	-
TID 13 (deficit)	-	-	-	(813)
TID 14	-	230,926	-	-
Housing	-	1,930,805	-	-
Total Non-Major Funds	<u>\$ -</u>	<u>\$ 3,505,361</u>	<u>\$ -</u>	<u>\$ (21,185)</u>

See Note 1. G. for an explanation of fund deficits.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

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 Annual Comprehensive Financial Report (“ACFR”), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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 Basic Financial Statements
December 31, 2024

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:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

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, 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 \$655,682 in contributions from the municipality.

Contribution rates as of December 31, 2024, are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

10. Defined Benefit Pension Plan (Continued)

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

At December 31, 2024, the City reported a liability (asset) of \$658,039 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. 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, 2023, the City's proportion was 0.04425858%, which was an increase of 0.00313132% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense of \$455,444.

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

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,653,207	\$ (3,514,189)
Net differences between projected and actual earnings on pension plan investments	2,293,161	-
Changes in assumptions	286,820	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,296	(1,083)
Employer contributions subsequent to the measurement date	766,118	-
Total	\$ 6,005,602	\$ (3,515,272)

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

10. Defined Benefit Pension Plan (Continued)

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

\$766,118 reported as deferred outflows of resources related to pension resulting from the WRS Member'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, 2025. 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
2025	\$ 353,461
2026	371,706
2027	1,440,357
2028	(441,312)
Total	\$ 1,724,212

G. Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
	January 1, 2018 - December 31 2020
Experience Study:	Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

10. Defined Benefit Pension Plan (Continued)

G. Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns¹

As of December 31, 2023

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund	<u>100</u>	7.4	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	<u>100</u>	7.3	4.5

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%.

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

10. Defined Benefit Pension Plan (Continued)

I. Single Discount Rate

A single discount rate of 6.8% was used to measure the Total Pension Liability for the current year and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.70% 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 municipal bond 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’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 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability (asset)	\$ 6,360,266	\$ 658,039	\$ (3,332,050)

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 <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

L. Allocation of Pension Plan

Pension amounts are allocated between the General Fund, Proprietary Funds and CDA based upon the required contributions of each fund to the whole.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance 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 Postemployment life insurance benefits for all eligible members.

B. OPEB Plan Fiduciary Net Position

ETF issues a standalone ACFR, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

C. Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members 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 member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2024, are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of Member Contribution

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan (Continued)

D. Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members 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, 2023 are as listed below:

Life Insurance		
Member Contribution Rates*		
For the year ended December 31, 2023		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$1,623 in contributions from the employer.

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

At December 31, 2024, the City reported a liability (asset) of \$366,548 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2023 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2023, rolled forward to December 31, 2023. 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, 2023, the City’s proportion was 0.079673%, which was a decrease of 0.001801% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the City recognized OPEB expense of \$18,529.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

**11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan
(Continued)**

**E. OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEBs (Continued)**

At December 31, 2024 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	\$ -	\$ (32,441)
Net differences between projected and actual earnings on plan investments	4,952	-
Changes in actuarial assumptions	114,659	(144,339)
Changes in proportion and differences between employer contributions and proportionate share of contributions	316	(33,158)
Employer contributions subsequent to the measurement date	1,610	-
Totals	\$ 121,537	\$ (209,938)

\$1,610 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense(revenue) as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (12,822)
2026	(5,908)
2027	(20,145)
2028	(29,127)
2029	(25,102)
Thereafter	3,093
Total	\$ (90,011)

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

**11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan
(Continued)**

F. Actuarial Assumptions

The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net OPEB Liability (Asset)	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
*Based on the Bond Buyer GO 20-Bond Municipal index.	

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

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.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan (Continued)

G. Long-Term Expected Return on Plan Assets (Continued)

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2023

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interim Credit	40%	2.32%
US Mortgages	Bloomberg US MBS	60%	2.52%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

H. Single Discount Rate

A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

11. Other Post-Employment Benefits Plan – Multiple Employer Life Insurance Plan (Continued)

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 3.32 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 (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
City's proportionate share of the net OPEB liability (asset)	\$ 492,508	\$ 366,548	\$ 270,399

12. Other Post-Employment Benefits Plan – Single-Employer Health Insurance Plan

A. Plan Description

The City operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. There are 74 active members and 11 retired members in the plan. Benefits and eligibility are established and amended by the governing body. The plan does not issue stand-alone financial statements.

B. Benefits

Upon retirement, those retirees eligible for the Wisconsin Retirement System may choose to remain on the City’s group medical plan indefinitely provided that they self-pay the full premiums. This is typically done with the use of accumulated sick and vacation pay.

C. Funding Policy

The City will fund the OPEB on a pay-as-you-go basis.

D. Employees Covered by Benefit Terms

At December 31, 2023, 74 active employees were eligible for the benefit terms.

E. Total OPEB Liability

The City’s total OPEB liability of \$176,878 was measured at December 31, 2023, and was determined by an actuarial valuation as of December 31, 2023.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

**12. Other Post-Employment Benefits Plan – Single-Employer Health Insurance Plan
(Continued)**

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50 percent
Salary increases:	3.0 percent, average, including inflation
Discount rate	4.00 percent
Healthcare cost trend rates	Actual first year trend decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter
Retirees' share of benefit-related costs	Retirees are responsible for the full (100%) amount of premiums

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Index as of the measurement date.

Mortality rates were based on the Wisconsin 2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the December 31, 2023 valuation were Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20.

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2022	<u>\$ 439,559</u>
Changes for the year:	
Service cost	39,294
Interest	19,792
Differences between expected and actual experience	(332,899)
Changes in assumptions or other inputs	11,132
Net Changes	<u>(262,681)</u>
Balance at 12/31/2023	<u><u>\$ 176,878</u></u>

Changes in assumptions were related to updated WRS decrement assumptions, assumed discount, and assumed health care trend. There were no changes to benefit terms.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

12. Other Post-Employment Benefits Plan – Single-Employer Health Insurance Plan (Continued)

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

		1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	12/31/2023	\$ 192,362	\$ 176,878	\$ 162,614

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (actual first year trend, then 5.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (actual first year trend, then 7.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

		1% Decrease (Actual - 1.0%, then 5.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (Actual, then 6.5% decreasing to 4.5%)	1% Increase (Actual + 1.0%, then 7.5% decreasing to 5.5%)
Total OPEB Liability	12/31/2023	\$ 158,454	\$ 176,878	\$ 198,790

J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of \$22,250. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources on the next page:

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

12. Other Post-Employment Benefits Plan – Single-Employer Health Insurance Plan (Continued)

J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Gain/Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (302,635)
Changes of assumptions or other input	10,120	(60,673)
Total	\$ 10,120	\$ (363,308)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB that will be recognized in OPEB expense in future years is as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (36,836)
2026	(36,836)
2027	(36,836)
2028	(36,836)
2029	(36,836)
Thereafter	(169,008)
Total	\$ (353,188)

13. 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.

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 City of Whitewater Park Board to 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. In May 2024, a new agreement was enacted between the City and the District.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

14. Aquatic Center Lease and Operating Agreement (Continued)

The City budgets and accounts for this activity separately in the Aquatic Center Fund (Fund 247) and is included as a Non-Major Special Revenue Fund within this document.

Under the agreement, the parties will split all Center expenses equally to the extent they are not covered by revenues generated by the Park Board. The City contributed \$397,024 toward the Center costs in 2024 and the District contributed \$267,194 in 2024 for Center costs.

15. Component Unit

This report contains the CDA which is included as a component unit. Financial information is presented as a discrete column in the statement of net position 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	\$ 919,721	\$ 919,721	Custodial credit risk, Interest rate risk

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. 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, 2024, the CDA did not have any total bank balances exposed to custodial credit as outlined in Note 2.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

15. Component Unit (Continued)

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 \$968,702

D. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 446,740	\$ 134,963	\$ 15,906	\$ 565,797	N/A
Buildings	6,128,544	-	-	6,128,544	35-40
Accumulated Depreciation					
Buildings	(1,585,395)	(123,787)	-	(1,709,182)	
Totals	\$4,989,889	\$ 11,176	\$ 15,906	\$4,985,159	

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.

F. Transfers In

The CDA recorded net transfers recorded from the City of \$180,000.

G. Due to and from City

The CDA Program fund owes the City \$4,840.

H. Leases Receivable

The CDA is a lessor for building space. As of December 31, 2024, the CDA had leases receivable of \$644,667. A schedule of lease repayments to the CDA is on the following page 33. See Note 3 for additional information.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

15. Component Unit (Continued)

H. Leases Receivable (Continued)

Year Ending December 31,	Component Unit	
	Principal	Interest
2025	\$ (135,058)	\$ (23,064)
2026	(127,271)	(17,834)
2027	(112,988)	(13,242)
2028	(83,750)	(9,250)
20209	(87,162)	(5,838)
2030-2031	(98,438)	(2,310)
Total	\$ (644,667)	\$ (71,538)

16. Developer Commitments

The City has developer incentive commitments of \$1,079,000 as of December 31, 2024. This amount represents City commitments provided that either or both of construction conditions and tax base incentives are met. These conditions and incentives have not been met as of December 31, 2024.

17. Economic Dependency

One of the City’s Water Utility customers provides approximately 22% of the water revenue. Another provides 11% of water revenue and 24% of wastewater revenue.

18. Contingencies

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

19. Effect of New Accounting Standards on Current Period Financial Statements

The GASB has adopted GASB Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024, GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025 and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for periods beginning after June 15, 2025. When these become effective, application of these standards may restate portions of these financial statements.

20. Subsequent Events

Subsequent to year-end, the City approved street and water detention basis maintenance contracts totaling \$246,130.

CITY OF WHITEWATER
Notes to the Basic Financial Statements
December 31, 2024

21. Change in Reporting Entity

During the year ended December 31, 2024, changes to the financial reporting entity resulted in restatements of beginning fund balance, as follows:

	Reporting Units Affected by Restatements of Beginning Balances					Government- Wide Financial Statements
	Fund Financial Statements					
	General Fund	Capital Projects Fund	Fire and EMS Fund	Non-Major Governmental Funds	Total	
12/31/2023, as previously reported	\$ 5,483,417	\$ -	\$ (100,743)	\$ 3,838,763	\$9,221,437	\$ 36,627,174
Change within Financial Reporting Entity (nonmajor to major fund)	-	391,339	-	(391,339)	-	-
Change in Accounting Principle (implementation of GASB 101)	-	-	-	-	-	(282,910)
12/31/2023, as restated	\$ 5,483,417	\$ 391,339	\$ (100,743)	\$ 3,447,424	\$9,221,437	\$ 36,344,264

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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance with</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>	<u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
REVENUES						
Taxes	\$ 4,538,657	\$ 4,538,657	\$ 4,538,648	\$ -	\$ 4,538,648	\$ (9)
Other Taxes	342,520	342,520	343,939	-	343,939	1,419
Special Assessment Revenue	-	-	2,725	-	2,725	2,725
Intergovernmental	4,694,945	4,694,945	4,760,085	105,192	4,865,277	65,140
License and Permits	92,233	92,233	147,578	-	147,578	55,345
Fines, Forfeits and Penalties	288,800	288,800	284,290	-	284,290	(4,510)
Public Charges for Services	32,625	32,625	62,162	-	62,162	29,537
Interest Income	552,887	552,887	862,695	31,141	893,836	309,808
Miscellaneous Income	77,043	77,043	160,485	321,505	481,990	83,442
Total Revenues	<u>10,619,710</u>	<u>10,619,710</u>	<u>11,162,607</u>	<u>457,838</u>	<u>11,620,445</u>	<u>542,897</u>
EXPENDITURES						
Current:						
General Government	1,843,619	1,843,619	1,890,172	186,005	2,076,177	(46,553)
Public Safety	4,371,987	4,371,987	4,695,523	572,356	5,267,879	(323,536)
Public Works	1,186,212	1,186,212	1,124,191	764,312	1,888,503	62,021
Culture, Recreation and Education	446,030	446,030	491,759	868	492,627	(45,729)
Capital Outlay	-	-	-	116,632	116,632	-
Debt Service:						
Interest Expense	-	-	-	12,642	12,642	-
Total Expenditures	<u>7,847,848</u>	<u>7,847,848</u>	<u>8,201,645</u>	<u>1,652,815</u>	<u>9,854,460</u>	<u>(353,797)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,771,862</u>	<u>2,771,862</u>	<u>2,960,962</u>	<u>(1,194,977)</u>	<u>1,765,985</u>	<u>189,100</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	-	-	-	449,383	449,383	-
Premium on Long-Term Debt	-	-	-	25,505	25,505	-
Transfers Out to CDA	(32,500)	(32,500)	(32,500)	-	(32,500)	-
Transfers In	431,110	431,110	398,285	410,000	808,285	(32,825)
Transfers Out	<u>(3,225,276)</u>	<u>(3,225,276)</u>	<u>(3,266,217)</u>	<u>538,180</u>	<u>(2,728,037)</u>	<u>(40,941)</u>
Total Other Financing Sources (Uses)	<u>(2,826,666)</u>	<u>(2,826,666)</u>	<u>(2,900,432)</u>	<u>1,423,068</u>	<u>(1,477,364)</u>	<u>(73,766)</u>
Net Change in Fund Balances	(54,804)	(54,804)	60,530	228,091	288,621	115,334
Fund Balances - Beginning of Year	<u>3,128,824</u>	<u>3,128,824</u>	<u>3,128,824</u>	<u>2,354,593</u>	<u>5,483,417</u>	<u>3,128,824</u>
Fund Balances - End of Year	<u>\$ 3,074,020</u>	<u>\$ 3,074,020</u>	<u>\$ 3,189,354</u>	<u>\$ 2,582,684</u>	<u>\$ 5,772,038</u>	<u>\$ 3,244,158</u>

See accompanying notes to the required supplementary information

City of Whitewater
Whitewater, WI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Fire and EMS Fund
For the year ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 551,820	\$ 551,820	\$ 561,088	\$ 9,268
Public Charges for Services	690,014	690,014	807,540	117,526
Miscellaneous Income	200	200	133,052	132,852
Total Revenues	<u>1,242,034</u>	<u>1,242,034</u>	<u>1,501,680</u>	<u>259,646</u>
EXPENDITURES				
Current:				
Public Safety	2,207,328	2,207,328	2,162,627	44,701
Capital Outlay	<u>52,500</u>	<u>52,500</u>	<u>100,574</u>	<u>(48,074)</u>
Total Expenditures	<u>2,259,828</u>	<u>2,259,828</u>	<u>2,263,201</u>	<u>(3,373)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,017,794)</u>	<u>(1,017,794)</u>	<u>(761,521)</u>	<u>256,273</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,402,794	1,402,794	1,402,794	-
Transfers Out	<u>(385,000)</u>	<u>(385,000)</u>	<u>(385,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,017,794</u>	<u>1,017,794</u>	<u>1,017,794</u>	<u>-</u>
Net Change in Fund Balance	-	-	256,273	256,273
Fund Balance (Deficit) - Beginning of Year	<u>(100,743)</u>	<u>(100,743)</u>	<u>(100,743)</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ (100,743)</u>	<u>\$ (100,743)</u>	<u>\$ 155,530</u>	<u>\$ 256,273</u>

See accompanying notes to the required supplementary information

**CITY OF WHITEWATER
WISCONSIN RETIREMENT SYSTEM SCHEDULES
December 31, 2024**

**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	Collective 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)
2023	0.04425858%	\$ 658,039	\$ 6,853,505	9.60%	98.85%
2022	0.04112726%	2,178,800	5,835,664	37.34%	97.72%
2021	0.04093644%	(3,299,552)	5,614,968	(58.76%)	106.02%
2020	0.04139238%	(2,584,182)	5,494,004	(47.04%)	105.26%
2019	0.04136795%	(1,333,891)	5,512,700	(24.20%)	102.96%
2018	0.04079730%	1,451,440	5,370,806	27.02%	96.45%
2017	(0.00040502)	(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	(0.00040724)	(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
2024	\$ 766,118	\$ (766,118)	\$ -	\$ 7,518,196	10.19%
2023	655,682	(655,682)	-	6,853,505	9.57%
2022	494,319	(494,319)	-	5,835,664	8.47%
2021	474,842	(474,842)	-	5,614,968	8.46%
2020	460,645	(460,645)	-	5,494,004	8.38%
2019	434,659	(434,659)	-	5,512,700	7.88%
2018	431,432	(431,432)	-	5,370,806	8.03%
2017	421,690	(421,690)	-	5,085,067	8.29%
2016	385,047	(385,047)	-	5,007,766	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 FUND SCHEDULES
December 31, 2024**

**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	Collective 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)
2023	0.07967300%	\$ 366,548	\$ 4,707,000	7.79%	33.90%
2022	0.08147400%	310,402	4,294,000	7.23%	38.81%
2021	0.08354300%	493,770	4,379,000	11.28%	29.57%
2020	0.08753900%	481,528	4,394,000	10.96%	31.36%
2019	0.09230900%	393,070	4,303,000	9.13%	37.58%
2018	0.09298000%	238,418	4,172,000	5.71%	48.69%
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
2024	\$ 1,610	\$ (1,610)	\$ -	\$ 5,625,687	0.03%
2023	1,623	(1,623)	-	4,707,000	0.03%
2022	1,634	(1,634)	-	4,294,000	0.04%
2021	1,663	(1,663)	-	4,379,000	0.04%
2020	1,736	(1,736)	-	4,394,000	0.04%
2019	1,668	(1,668)	-	4,303,000	0.04%
2018	1,773	(1,773)	-	4,172,000	0.04%

See accompanying notes to the required supplementary information

**CITY OF WHITEWATER
WHITEWATER, WISCONSIN
December 31, 2024**

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL HEALTH INSURANCE
OPEB LIABILITY AND RELATED RATIOS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability			
Service cost	\$ 39,294	\$ 52,768	\$ 52,768
Interest	19,792	11,072	10,189
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(332,899)	-	-
Changes in assumptions or other inputs	11,132	(75,841)	-
Benefit payments	-	(28,311)	(19,054)
Net change in total OPEB	(262,681)	(40,312)	43,903
Total OPEB Liability - Beginning	439,559	479,871	435,968
Total OPEB Liability - Ending	<u>\$ 176,878</u>	<u>\$ 439,559</u>	<u>\$ 479,871</u>
 Covered Employee Payroll	 \$ 7,070,100	 \$ 6,005,020	 \$ 6,005,020
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 2.50%	 7.32%	 7.99%

See accompanying notes to the required supplementary information.

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2024

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 department level. The budgetary comparison schedule is presented for the General Fund and the Fire and EMS Fund, since it is considered a major special revenue fund. In the General Fund, the debt service levy and transfer out to debt service of \$1,313,705 were eliminated on the fund statements.

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 expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures. The final budget includes an other financing source for anticipated fund balance increase which is not a revenue source under modified accrual accounting. Accordingly there is no actual revenue.

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 and Fire and EMS Fund had expenditures in excess of budget as follows:

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	
General Fund				
General Government	\$ 1,843,619	\$ 1,843,619	\$ 1,890,172	\$ (46,553)
Public Safety	4,371,987	4,371,987	4,695,523	(323,536)
Culture, Recreation and Education	754,496	446,030	491,759	(45,729)
Fire and EMS Fund				
Capital Outlay	52,500	52,500	100,574	(48,074)

Revenues were sufficient to cover the expenditures.

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2024

2. Wisconsin Retirement System Schedules

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

Changes of assumptions: Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2024

2. Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2024

2. Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality

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

CITY OF WHITEWATER
Notes to the Required Supplementary Information
December 31, 2024

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 3 preceding years.

Changes in Benefit Terms and Assumptions related to LRLIF OPEB Liabilities (Assets):

Benefit Terms: There were no recent changes in benefit terms.

Assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

4. Schedule of Changes in the City's Total Health Insurance OPEB Liability and Related Ratios

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

Benefit Terms: There were no recent changes in benefit terms.

Assumptions: The discount rate was changed to 4.00% as of December 31, 2023, from 4.31% as of December 31, 2022.

Assets: There were not assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.

OTHER SUPPLEMENTARY INFORMATION

City of Whitewater
Whitewater, WI

Balance Sheet
Combining General Fund
December 31, 2024

	General Fund	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 Reserve	Elections Fund	Total General Fund
ASSETS													
Cash and Cash Equivalents	\$ 5,703,728	\$ 1,598,478	\$ 339,680	\$ 32,723	\$ 46,152	\$ 5,433	\$ 19,703	\$ 38,692	\$ 22	\$ 400,813	\$ 102,016	\$ 16,197	\$ 8,303,637
Receivables:													
Taxes	4,397,573	-	-	-	-	-	-	-	-	-	-	-	4,397,573
Delinquent Personal Property Taxes	2,242	-	-	-	-	-	-	-	-	-	-	-	2,242
Special Assessments	57,084	-	-	-	-	-	-	-	-	-	-	-	57,084
Leases	83,950	-	-	-	-	-	-	-	-	-	-	-	83,950
Other	122,207	-	-	-	-	-	-	-	-	-	-	-	122,207
Due from CDA	4,840	-	-	-	-	-	-	-	-	-	-	-	4,840
Due from Other Funds	104,942	-	-	-	-	-	-	-	-	-	-	-	104,942
Prepaid Expenses	39,996	-	-	-	-	-	-	-	-	-	-	-	39,996
Total Assets	<u>\$ 10,516,562</u>	<u>\$ 1,598,478</u>	<u>\$ 339,680</u>	<u>\$ 32,723</u>	<u>\$ 46,152</u>	<u>\$ 5,433</u>	<u>\$ 19,703</u>	<u>\$ 38,692</u>	<u>\$ 22</u>	<u>\$ 400,813</u>	<u>\$ 102,016</u>	<u>\$ 16,197</u>	<u>\$ 13,116,471</u>
LIABILITIES													
Accounts Payable	\$ 227,412	\$ 6,802	\$ -	\$ -	\$ -	\$ -	\$ 4,943	\$ -	\$ -	\$ -	\$ 5,335	\$ 145	\$ 244,637
Accrued Liabilities	545,905	-	-	-	-	-	-	-	-	-	-	-	545,905
Due to Other Funds	1,990	-	-	-	-	-	-	-	-	-	-	-	1,990
Total Liabilities	<u>775,307</u>	<u>6,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,335</u>	<u>145</u>	<u>792,532</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,551,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,551,901</u>
FUND BALANCES													
Nonspendable	42,238	-	-	-	-	-	-	-	-	-	-	-	42,238
Assigned	-	1,591,676	339,680	32,723	46,152	5,433	14,760	38,692	22	400,813	96,681	16,052	2,582,684
Unassigned	3,147,116	-	-	-	-	-	-	-	-	-	-	-	3,147,116
Total Fund Balances	<u>3,189,354</u>	<u>1,591,676</u>	<u>339,680</u>	<u>32,723</u>	<u>46,152</u>	<u>5,433</u>	<u>14,760</u>	<u>38,692</u>	<u>22</u>	<u>400,813</u>	<u>96,681</u>	<u>16,052</u>	<u>5,772,038</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,516,562</u>	<u>\$ 1,598,478</u>	<u>\$ 339,680</u>	<u>\$ 32,723</u>	<u>\$ 46,152</u>	<u>\$ 5,433</u>	<u>\$ 19,703</u>	<u>\$ 38,692</u>	<u>\$ 22</u>	<u>\$ 400,813</u>	<u>\$ 102,016</u>	<u>\$ 16,197</u>	<u>\$ 13,116,471</u>

City of Whitewater
Whitewater, WI

Statement of Revenues, Expenditures and Changes in Fund Balances
Combining General Fund
For the Year Ended December 31, 2024

	General Fund	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 Reserve	Elections Fund	Total General Fund
REVENUES													
Property Taxes	\$ 4,538,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,538,648
Other Taxes	343,939	-	-	-	-	-	-	-	-	-	-	-	343,939
Special Assessment Revenue	2,725	-	-	-	-	-	-	-	-	-	-	-	2,725
Intergovernmental	4,760,085	73,365	-	-	-	-	31,827	-	-	-	-	-	4,865,277
License and Permits	147,578	-	-	-	-	-	-	-	-	-	-	-	147,578
Fines, Forfeits and Penalties	284,290	-	-	-	-	-	-	-	-	-	-	-	284,290
Public Charges for Services	62,162	-	-	-	-	-	-	-	-	-	-	-	62,162
Interest Income	862,695	3,513	1,760	-	-	-	-	-	-	25,868	-	-	893,836
Miscellaneous Income	160,485	320,145	-	945	-	-	-	-	415	-	-	-	481,990
Total Revenues	<u>11,162,607</u>	<u>397,023</u>	<u>1,760</u>	<u>945</u>	<u>-</u>	<u>-</u>	<u>31,827</u>	<u>-</u>	<u>415</u>	<u>25,868</u>	<u>-</u>	<u>-</u>	<u>11,620,445</u>
EXPENDITURES													
Current:													
General Government	1,890,172	-	-	-	-	-	-	93,697	-	-	39,600	52,708	2,076,177
Public Safety	4,695,523	429,381	-	142,975	-	-	-	-	-	-	-	-	5,267,879
Public Works	1,124,191	-	-	-	-	-	523,021	-	-	241,291	-	-	1,888,503
Culture, Recreation and Education	491,759	-	-	-	-	-	-	-	868	-	-	-	492,627
Capital Outlay	-	-	116,632	-	-	-	-	-	-	-	-	-	116,632
Interest Expense	-	4,881	3,877	3,884	-	-	-	-	-	-	-	-	12,642
Total Expenditures	<u>8,201,645</u>	<u>434,262</u>	<u>120,509</u>	<u>146,859</u>	<u>-</u>	<u>-</u>	<u>523,021</u>	<u>93,697</u>	<u>868</u>	<u>241,291</u>	<u>39,600</u>	<u>52,708</u>	<u>9,854,460</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,960,962</u>	<u>(37,239)</u>	<u>(118,749)</u>	<u>(145,914)</u>	<u>-</u>	<u>-</u>	<u>(491,194)</u>	<u>(93,697)</u>	<u>(453)</u>	<u>(215,423)</u>	<u>(39,600)</u>	<u>(52,708)</u>	<u>1,765,985</u>
OTHER FINANCING SOURCES (USES)													
Proceeds from Long-Term Debt	-	173,514	137,806	138,063	-	-	-	-	-	-	-	-	449,383
Premium on Long-Term Debt	-	9,848	7,821	7,836	-	-	-	-	-	-	-	-	25,505
Transfers Out to CDA	(32,500)	-	-	-	-	-	-	-	-	-	-	-	(32,500)
Transfers In	398,285	385,000	25,000	-	-	-	-	-	-	-	-	-	808,285
Transfers Out	(3,266,217)	-	-	-	-	-	488,180	-	-	-	-	50,000	(2,728,037)
Total Other Financing Sources (Uses)	<u>(2,900,432)</u>	<u>568,362</u>	<u>170,627</u>	<u>145,899</u>	<u>-</u>	<u>-</u>	<u>488,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(1,477,364)</u>
Net Change in Fund Balances	60,530	531,123	51,878	(15)	-	-	(3,014)	(93,697)	(453)	(215,423)	(39,600)	(2,708)	288,621
Fund Balances - Beginning of Year	3,128,824	1,060,553	287,802	32,738	46,152	5,433	17,774	132,389	475	616,236	136,281	18,760	5,483,417
Fund Balances - End of Year	<u>\$ 3,189,354</u>	<u>\$ 1,591,676</u>	<u>\$ 339,680</u>	<u>\$ 32,723</u>	<u>\$ 46,152</u>	<u>\$ 5,433</u>	<u>\$ 14,760</u>	<u>\$ 38,692</u>	<u>\$ 22</u>	<u>\$ 400,813</u>	<u>\$ 96,681</u>	<u>\$ 16,052</u>	<u>\$ 5,772,038</u>

**City of Whitewater
Whitewater, WI**

**Balance Sheet
Non-Major Governmental Funds
December 31, 2024**

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,248,726	\$ 2,374,751	\$ 3,623,477
Receivables:			
Taxes	-	256,296	256,296
Other	83,165	100,000	183,165
Due from Other Governments	6,819	-	6,819
Total Assets	\$ 1,338,710	\$ 2,731,047	\$ 4,069,757
LIABILITIES			
Accounts Payable	\$ 50,087	\$ 1,321	\$ 51,408
Accrued Liabilities	65,584	-	65,584
Due to Other Funds	80,060	813	80,873
Total Liabilities	195,731	2,134	197,865
DEFERRED INFLOWS OF RESOURCES	13,350	374,366	387,716
FUND BALANCES			
Restricted	1,150,001	2,355,360	3,505,361
Unassigned (Deficit)	(20,372)	(813)	(21,185)
Total Fund Balances	1,129,629	2,354,547	3,484,176
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,338,710	\$ 2,731,047	\$ 4,069,757

**City of Whitewater
Whitewater, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2024**

	<u>Debt Service</u>	<u>Non-Major Special Revenue Funds</u>	<u>Non-Major Capital Project Funds</u>	<u>Non-Major Governmental Funds</u>
REVENUES				
Property Taxes	\$ 1,313,714	\$ -	\$ 884,822	\$ 2,198,536
Intergovernmental	-	709,893	-	709,893
Public Charges for Services	-	665,437	-	665,437
Interest Income	-	30,816	-	30,816
Miscellaneous Income	-	56,288	-	56,288
Total Revenues	<u>1,313,714</u>	<u>1,462,434</u>	<u>884,822</u>	<u>3,660,970</u>
EXPENDITURES				
Current:				
Public Safety	-	27,787	-	27,787
Public Works	-	286,444	-	286,444
Culture, Recreation and Education	-	2,321,955	-	2,321,955
Conservation and Development	-	20,051	179,125	199,176
Capital Outlay	-	-	-	-
Debt Service:				
Principal Repayment	975,600	-	-	975,600
Interest Expense	356,864	-	-	356,864
Total Expenditures	<u>1,332,464</u>	<u>2,656,237</u>	<u>179,125</u>	<u>4,167,826</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,750)</u>	<u>(1,193,803)</u>	<u>705,697</u>	<u>(506,856)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	18,750	1,350,643	-	1,369,393
Transfers Out	-	(531,968)	(218,817)	(750,785)
Transfers Out to CDA	-	-	(75,000)	(75,000)
Total Other Financing Sources (Uses)	<u>18,750</u>	<u>818,675</u>	<u>(293,817)</u>	<u>543,608</u>
Net Change in Fund Balances	-	(375,128)	411,880	36,752
Fund Balances - Beginning of Year	-	1,504,757	2,334,006	3,838,763
Change within Financial Reporting Entity (nonmajor to major)	-	-	(391,339)	(391,339)
Fund Balances - Beginning of Year, as Restated	-	1,504,757	1,942,667	3,447,424
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 1,129,629</u>	<u>\$ 2,354,547</u>	<u>\$ 3,484,176</u>

**City of Whitewater
Whitewater, WI**

**Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2024**

	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	\$ 42,550	\$ 623,978	\$ -	\$ 61,233	\$ 19,506	\$ 4,210	\$ 129,503
Receivables:							
Other	-	2,500	80,665	-	-	-	-
Total Assets	<u>\$ 42,550</u>	<u>\$ 626,478</u>	<u>\$ 80,665</u>	<u>\$ 61,233</u>	<u>\$ 19,506</u>	<u>\$ 4,210</u>	<u>\$ 129,503</u>
LIABILITIES							
Accounts Payable	\$ 140	\$ 5,798	\$ 21,999	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	5,307	26,436	-	-	-	-	-
Due to Other Funds	-	-	79,038	-	-	-	-
Total Liabilities	<u>5,447</u>	<u>32,234</u>	<u>101,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)							
Restricted	37,103	594,244	-	61,233	19,506	4,210	129,503
Unassigned (Deficit)	-	-	(20,372)	-	-	-	-
Total Fund Balances (Deficit)	<u>37,103</u>	<u>594,244</u>	<u>(20,372)</u>	<u>61,233</u>	<u>19,506</u>	<u>4,210</u>	<u>129,503</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 42,550</u>	<u>\$ 626,478</u>	<u>\$ 80,665</u>	<u>\$ 61,233</u>	<u>\$ 19,506</u>	<u>\$ 4,210</u>	<u>\$ 129,503</u>

**City of Whitewater
Whitewater, WI**

**Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2024**

	<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>Aquatic Center Capital Fund</u>	<u>Non-Major Special Revenue Funds</u>
ASSETS							
Cash and Cash Equivalents	\$ 69,382	\$ 82,971	\$ 66,398	\$ 70,520	\$ 28,735	\$ 49,740	\$ 1,248,726
Receivables:							
Other	-	-	-	-	-	-	83,165
Due from Other Governments	-	-	-	-	6,819	-	6,819
Total Assets	<u>\$ 69,382</u>	<u>\$ 82,971</u>	<u>\$ 66,398</u>	<u>\$ 70,520</u>	<u>\$ 35,554</u>	<u>\$ 49,740</u>	<u>\$ 1,338,710</u>
LIABILITIES							
Accounts Payable	\$ 250	\$ -	\$ 3,048	\$ 5,136	\$ 13,716	\$ -	\$ 50,087
Accrued Liabilities	-	-	12,003	-	21,838	-	65,584
Due to Other Funds	-	1,022	-	-	-	-	80,060
Total Liabilities	<u>250</u>	<u>1,022</u>	<u>15,051</u>	<u>5,136</u>	<u>35,554</u>	<u>-</u>	<u>195,731</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,350</u>	<u>-</u>	<u>-</u>	<u>13,350</u>
FUND BALANCES (DEFICIT)							
Restricted	69,132	81,949	51,347	52,034	-	49,740	1,150,001
Unassigned (Deficit)	-	-	-	-	-	-	(20,372)
Total Fund Balances (Deficit)	<u>69,132</u>	<u>81,949</u>	<u>51,347</u>	<u>52,034</u>	<u>-</u>	<u>49,740</u>	<u>1,129,629</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 69,382</u>	<u>\$ 82,971</u>	<u>\$ 66,398</u>	<u>\$ 70,520</u>	<u>\$ 35,554</u>	<u>\$ 49,740</u>	<u>\$ 1,338,710</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, 2024**

	<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	\$ 18,119	\$ 219,770	\$ 204,810	\$ -	\$ -	\$ -	\$ -
Public Charges for Services	73,275	6,447	-	-	-	-	-
Intergovernmental Charges for Services	-	-	-	-	-	-	-
Interest Income	2,952	18,395	-	-	-	83	7,540
Miscellaneous Income	25	20,998	-	1,534	9,830	350	5,268
Total Revenues	<u>94,371</u>	<u>265,610</u>	<u>204,810</u>	<u>1,534</u>	<u>9,830</u>	<u>433</u>	<u>12,808</u>
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	-	21,276
Public Works	-	-	286,444	-	-	-	-
Culture, Recreation and Education	144,750	759,487	-	1,534	7,812	-	-
Conservation and Development	-	-	-	-	-	20,051	-
Total Expenditures	<u>144,750</u>	<u>759,487</u>	<u>286,444</u>	<u>1,534</u>	<u>7,812</u>	<u>20,051</u>	<u>21,276</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,379)</u>	<u>(493,877)</u>	<u>(81,634)</u>	<u>-</u>	<u>2,018</u>	<u>(19,618)</u>	<u>(8,468)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	-	627,558	-	-	-	10,000	-
Transfers Out	-	(491,568)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>135,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balances	(50,379)	(357,887)	(81,634)	-	2,018	(9,618)	(8,468)
Fund Balances - Beginning of Year	87,482	952,131	61,262	61,233	17,488	13,828	137,971
Fund Balances (Deficit) - End of Year	<u>\$ 37,103</u>	<u>\$ 594,244</u>	<u>\$ (20,372)</u>	<u>\$ 61,233</u>	<u>\$ 19,506</u>	<u>\$ 4,210</u>	<u>\$ 129,503</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, 2024**

	Parking Permit Fund	Police Dept. Trust Fund	Parks and Recreation Fund	Field of Dreams Fund	Aquatic Center Fund	Aquatic Center Capital Fund	Non-Major Special Revenue Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 267,194	\$ -	\$ 709,893
Public Charges for Services	35,650	-	124,037	16,813	409,215	-	665,437
Interest Income	1,809	37	-	-	-	-	30,816
Miscellaneous Income	-	13,598	-	-	4,685	-	56,288
Total Revenues	<u>37,459</u>	<u>13,635</u>	<u>124,037</u>	<u>16,813</u>	<u>681,094</u>	<u>-</u>	<u>1,462,434</u>
EXPENDITURES							
Current:							
Public Safety	4,836	1,675	-	-	-	-	27,787
Public Works	-	-	-	-	-	-	286,444
Culture, Recreation and Education	-	-	374,992	24,841	1,008,539	-	2,321,955
Conservation and Development	-	-	-	-	-	-	20,051
Total Expenditures	<u>4,836</u>	<u>1,675</u>	<u>374,992</u>	<u>24,841</u>	<u>1,008,539</u>	<u>-</u>	<u>2,656,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>32,623</u>	<u>11,960</u>	<u>(250,955)</u>	<u>(8,028)</u>	<u>(327,445)</u>	<u>-</u>	<u>(1,193,803)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	266,321	-	397,024	49,740	1,350,643
Transfers Out	(35,350)	-	-	(5,050)	-	-	(531,968)
Total Other Financing Sources (Uses)	<u>(35,350)</u>	<u>-</u>	<u>266,321</u>	<u>(5,050)</u>	<u>397,024</u>	<u>49,740</u>	<u>818,675</u>
Net Change in Fund Balances	(2,727)	11,960	15,366	(13,078)	69,579	49,740	(375,128)
Fund Balances (Deficit) - Beginning of Year	71,859	69,989	35,981	65,112	(69,579)	-	1,504,757
Fund Balances - End of Year	<u>\$ 69,132</u>	<u>\$ 81,949</u>	<u>\$ 51,347</u>	<u>\$ 52,034</u>	<u>\$ -</u>	<u>\$ 49,740</u>	<u>\$ 1,129,629</u>

**City of Whitewater
Whitewater, WI**

**Combining Balance Sheet
Non-Major Capital Project Funds
December 31, 2024**

	<u>Housing</u>	<u>TIF 10</u>	<u>TIF 11</u>	<u>TIF 12</u>	<u>TIF 13</u>	<u>TIF 14</u>	<u>Non-Major Capital Project Funds</u>
ASSETS							
Cash and Cash Equivalents	\$ 1,830,805	\$ 174,564	\$ 29,658	\$ 49,782	\$ 9,143	\$ 280,799	\$ 2,374,751
Receivables:							
Taxes	-	75,417	31,072	21,698	19,848	108,261	256,296
Other	100,000	-	-	-	-	-	100,000
Total Assets	<u>\$ 1,930,805</u>	<u>\$ 249,981</u>	<u>\$ 60,730</u>	<u>\$ 71,480</u>	<u>\$ 28,991</u>	<u>\$ 389,060</u>	<u>\$ 2,731,047</u>
LIABILITIES							
Accounts Payable	\$ -	\$ 1,321	\$ -	\$ -	\$ -	\$ -	\$ 1,321
Due to Other Funds	-	-	-	-	813	-	813
Total Liabilities	<u>-</u>	<u>1,321</u>	<u>-</u>	<u>-</u>	<u>813</u>	<u>-</u>	<u>2,134</u>
DEFERRED INFLOWS OF RESOURCES							
Tax Apportionment	<u>-</u>	<u>110,160</u>	<u>45,387</u>	<u>31,694</u>	<u>28,991</u>	<u>158,134</u>	<u>374,366</u>
FUND BALANCES (DEFICIT)							
Restricted	1,930,805	138,500	15,343	39,786	-	230,926	2,355,360
Unassigned (Deficit)	-	-	-	-	(813)	-	(813)
Total Fund Balances (Deficit)	<u>1,930,805</u>	<u>138,500</u>	<u>15,343</u>	<u>39,786</u>	<u>(813)</u>	<u>230,926</u>	<u>2,354,547</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 1,930,805</u>	<u>\$ 249,981</u>	<u>\$ 60,730</u>	<u>\$ 71,480</u>	<u>\$ 28,991</u>	<u>\$ 389,060</u>	<u>\$ 2,731,047</u>

City of Whitewater
Whitewater, WI

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended December 31, 2024**

	Capital Projects Funds	Housing	TIF 10	TIF 11	TIF 12	TIF 13	TIF 14	Non-Major Capital Projects Funds
REVENUES								
Property Taxes	\$ -	\$ -	\$ 238,133	\$ 64,384	\$ 143,987	\$ 88,154	\$ 350,164	\$ 884,822
Total Revenues	-	-	238,133	64,384	143,987	88,154	350,164	884,822
EXPENDITURES								
Current:								
Conservation and Development	-	26,733	23,037	1,850	5,805	1,850	119,850	179,125
Total Expenditures	-	26,733	23,037	1,850	5,805	1,850	119,850	179,125
Excess (Deficiency) of Revenues Over Expenditures	-	(26,733)	215,096	62,534	138,182	86,304	230,314	705,697
OTHER FINANCING SOURCES (USES)								
Transfers Out	-	-	(60,127)	(24,627)	(54,100)	(79,963)	-	(218,817)
Transfers Out to CDA	-	(50,000)	-	(25,000)	-	-	-	(75,000)
Total Other Financing Sources (Uses)	-	(50,000)	(60,127)	(49,627)	(54,100)	(79,963)	-	(293,817)
Net Change in Fund Balances	-	(76,733)	154,969	12,907	84,082	6,341	230,314	411,880
Fund Balances (Deficit) - Beginning of Year	391,339	2,007,538	(16,469)	2,436	(44,296)	(7,154)	612	2,334,006
Change within Financial Reporting Entity (nonmajor to major)	(391,339)	-	-	-	-	-	-	(391,339)
Fund Balances (Deficit) - Beginning of Year, as Restated	-	2,007,538	(16,469)	2,436	(44,296)	(7,154)	612	1,942,667
Fund Balances (Deficit) - End of Year	\$ -	\$ 1,930,805	\$ 138,500	\$ 15,343	\$ 39,786	\$ (813)	\$ 230,926	\$ 2,354,547

**City of Whitewater
Whitewater, WI
Combining Statement of Net Position
Component Unit
December 31, 2024**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 22,428	\$ 910,614	\$ 75,914	\$ 1,008,956
Receivables				
Lease-current portion	-	-	135,057	135,057
Other	-	-	2,122	2,122
Total Current Assets	<u>22,428</u>	<u>910,614</u>	<u>213,093</u>	<u>1,146,135</u>
Noncurrent Assets:				
Lease Receivable - Long-term	-	-	509,610	509,610
Loans Receivable	-	968,702	-	968,702
Capital Assets:				
Land, Improvements and Construction in Progress	-	565,797	-	565,797
Other Capital Assets, Net of Depreciation	-	4,419,362	-	4,419,362
Total Capital Assets	<u>-</u>	<u>4,985,159</u>	<u>-</u>	<u>4,985,159</u>
Total Noncurrent Assets	<u>-</u>	<u>5,953,861</u>	<u>509,610</u>	<u>6,463,471</u>
Total Assets	<u>22,428</u>	<u>6,864,475</u>	<u>722,703</u>	<u>7,609,606</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	66,809	-	7,109	73,918
Total Deferred Outflows of Resources	<u>66,809</u>	<u>-</u>	<u>7,109</u>	<u>73,918</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 89,237</u>	<u>\$ 6,864,475</u>	<u>\$ 729,812</u>	<u>\$ 7,683,524</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 13,987	\$ -	\$ 16,631	\$ 30,618
Due to City General Fund	-	4,840	-	4,840
Total Current Liabilities	<u>13,987</u>	<u>4,840</u>	<u>16,631</u>	<u>35,458</u>
Non-Current Liabilities:				
Net Pension Liability	7,321	-	779	8,100
Total Non-Current Liabilities	<u>7,321</u>	<u>-</u>	<u>779</u>	<u>8,100</u>
Total Liabilities	<u>21,308</u>	<u>4,840</u>	<u>17,410</u>	<u>43,558</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	39,106	-	4,161	43,267
Deferred Lease Inflows	-	-	603,871	603,871
Total Deferred Inflows of Resources	<u>39,106</u>	<u>-</u>	<u>608,032</u>	<u>647,138</u>
NET POSITION				
Net Investment in Capital Assets	-	4,985,159	-	4,985,159
Restricted	-	1,874,476	-	1,874,476
Unrestricted	28,823	-	104,370	133,193
Total Net Position	<u>28,823</u>	<u>6,859,635</u>	<u>104,370</u>	<u>6,992,828</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 89,237</u>	<u>\$ 6,864,475</u>	<u>\$ 729,812</u>	<u>\$ 7,683,524</u>

**City of Whitewater
Whitewater, WI**

**Combining Statement of Revenues, Expenses and Changes in Net Position
Component Unit
For the Year Ended December 31, 2024**

	Community Development Authority (Operating)	Community Development Authority (Program)	Innovation Center	Total
Operating Revenues	\$ -	\$ 12,838	\$ 235,874	\$ 248,712
Operating Expenses				
Operating Expenses	172,928	257,539	198,034	628,501
Depreciation	-	123,787	-	123,787
Total Operating Expenses	<u>172,928</u>	<u>381,326</u>	<u>198,034</u>	<u>752,288</u>
Operating Income (Loss)	<u>(172,928)</u>	<u>(368,488)</u>	<u>37,840</u>	<u>(503,576)</u>
Non-Operating Revenues (Expenses)				
Interest and Investment Income	-	84,477	29,026	113,503
Total Non Operating Revenues	<u>-</u>	<u>84,477</u>	<u>29,026</u>	<u>113,503</u>
Transfer In from City	180,000	-	-	180,000
Gain on Land Sale	<u>-</u>	<u>9,766</u>	<u>-</u>	<u>9,766</u>
Change in Net Position	7,072	(274,245)	66,866	(200,307)
Total Net Position - Beginning of Year	<u>21,751</u>	<u>7,133,880</u>	<u>37,504</u>	<u>7,193,135</u>
Total Net Position - End of Year	<u>\$ 28,823</u>	<u>\$ 6,859,635</u>	<u>\$ 104,370</u>	<u>\$ 6,992,828</u>

FORM OF LEGAL OPINION

(See following pages)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

July 22, 2026

Re: City of Whitewater, Wisconsin ("Issuer")
\$5,275,000 Waterworks and Sewer System Revenue Bonds, Series 2026B,
dated July 22, 2026 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the City Council of the Issuer on May 19, 2026, as supplemented by the Approving Certificate, dated _____, 2026 (collectively, the "Bond Resolution"). Pursuant to the Bond Resolution, the Bonds are issued on a parity with the Issuer's outstanding Waterworks and Sewer System Revenue Bonds, Series 2009, dated December 9, 2009, Waterworks and Sewer System Revenue Bonds, Series 2011, dated July 27, 2011, Waterworks and Sewer System Revenue Bonds, Series 2016, dated April 13, 2016, Waterworks and Sewer System Revenue Bonds, Series 2022B, dated June 9, 2022, Waterworks and Sewer System Revenue Bonds, Series 2024B, dated July 17, 2024 and Waterworks and Sewer System Revenue Bonds, Series 2024C, dated August 14, 2024 (collectively, the "Prior Bonds"). The Issuer covenanted in the Bond Resolution that revenues of the Waterworks System and Sewer System (collectively, the "System") of the Issuer which are deposited in the Special Redemption Fund provided by the Bond Resolution (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds and the Bonds as the same falls due.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027	\$80,000	_____%
2028	190,000	_____
2029	195,000	_____
2030	200,000	_____
2031	210,000	_____
2032	215,000	_____
2033	225,000	_____
2034	230,000	_____
2035	245,000	_____

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2036	\$250,000	____%
2037	260,000	_____
2038	275,000	_____
2039	285,000	_____
2040	295,000	_____
2041	310,000	_____
2042	325,000	_____
2043	340,000	_____
2044	365,000	_____
2045	380,000	_____
2046	400,000	_____

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2027.

The Bonds maturing on May 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2034 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Bond Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer in accordance with their terms payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.
4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the

Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Bond Resolution or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Whitewater, Walworth and Jefferson Counties, Wisconsin (the "Issuer") in connection with the issuance of \$5,275,000 Waterworks and Sewer System Revenue Bonds, Series 2026B, dated July 22, 2026 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on May 19, 2026, as supplemented by an Approving Certificate, dated _____, 2026 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated _____, 2026 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the City Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Whitewater, Walworth and Jefferson Counties, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at City Hall, 312 West Whitewater Street, Whitewater, Wisconsin 53190, phone (262) 473-0500, fax (262) 473-0509.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 20__, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. THE BONDS - Description of Waterworks System
5. THE BONDS - Description of the Sewer System

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 22nd day of July, 2026.

(SEAL)

John Weidl
City Manager

Heather Boehm
City Clerk

FORM OF PARAMETERS RESOLUTION

(See following pages)

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE ISSUANCE AND
ESTABLISHING PARAMETERS FOR THE SALE OF NOT TO
EXCEED \$5,275,000 WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, SERIES 2026B

WHEREAS, the City of Whitewater, Walworth and Jefferson Counties, Wisconsin (the "City") owns and operates a Waterworks System (the "Waterworks System") and a Sewer System (the "Sewer System") which are operated for public purposes as separate public utilities by the City and which are hereby combined for the purposes of this financing (hereinafter, the City's Waterworks System and Sewer System shall be referred to collectively as the "System"); and

WHEREAS, under the provisions of Section 66.0621, Wisconsin Statutes (the "Act"), any municipality in the State of Wisconsin may, by action of its governing body, provide funds for extending, adding to and improving a public utility from the proceeds of bonds, which bonds are payable only from the income and revenues of such utility and are secured by a pledge of the revenues of the utility; and

WHEREAS, pursuant to a resolution adopted on November 17, 2009 which was amended pursuant to a resolution adopted on April 19, 2022 (collectively, the "2009 Resolution"), the City issued its Waterworks and Sewer System Revenue Bonds, Series 2009, dated December 9, 2009 (the "2009 Bonds"), which 2009 Bonds are payable from the Revenues (defined herein) of the System; and

WHEREAS, pursuant to a resolution adopted on July 19, 2011 which was amended pursuant to a resolution adopted on April 19, 2022 (collectively, the "2011 Resolution"), the City issued its Waterworks and Sewer System Revenue Bonds, Series 2011, dated July 27, 2011 (the "2011 Bonds"), which 2011 Bonds are payable from the Revenues of the System on a parity with the 2009 Bonds; and

WHEREAS, pursuant to a resolution adopted on April 7, 2016 which was amended pursuant to a resolution adopted on April 19, 2022 (collectively, the "2016 Resolution"), the City issued its Waterworks and Sewer System Revenue Bonds, Series 2016, dated April 13, 2016 (the "2016 Bonds"), which 2016 Bonds are payable from the Revenues of the System on a parity with the 2009 Bonds and the 2011 Bonds; and

WHEREAS, pursuant to a resolution adopted on May 19, 2022 (the "2022 Resolution"), the City issued its Waterworks and Sewer System Revenue Bonds, Series 2022B, dated June 9, 2022 (the "2022 Bonds"), which 2022 Bonds are payable from the Revenues of the System on a parity with the 2009 Bonds, the 2011 Bonds and the 2016 Bonds; and

WHEREAS, pursuant to a resolution adopted on May 21, 2024 (the "2024 Resolution"), the City issued its Waterworks and Sewer System Revenue Bonds, Series 2024B, dated July 17, 2024 (the "2024 Bonds"), which 2024 Bonds are payable from the Revenues of the System on a parity with the 2009 Bonds, the 2011 Bonds, the 2016 Bonds and the 2022 Bonds (hereinafter the 2009 Bonds, the 2011 Bonds, the 2016 Bonds, the 2022 Bonds and the 2024 Bonds shall be referred to collectively as the "Prior Bonds");

WHEREAS, the City has determined that certain additions, improvements and extensions to the System (the "Project") are necessary to adequately supply the needs of the City and the residents thereof; and

WHEREAS, the 2009 Resolution, the 2011 Resolution, the 2016 Resolution, the 2022 Resolution and the 2024 Resolution (collectively, the "Prior Resolutions") permit the issuance of bonds payable from Revenues of the System on a parity with the Prior Bonds upon compliance with certain conditions and those conditions have been met; and

WHEREAS, it is necessary, desirable and in the best interests of the City to authorize and sell revenue bonds designated "Waterworks and Sewer System Revenue Bonds, Series 2026B" (the "Bonds") for such purposes payable solely from the Revenues of the System, which Bonds are to be authorized and issued pursuant to the provisions of Section 66.0621, Wisconsin Statutes, on a parity with the Prior Bonds; and

WHEREAS, other than the Prior Bonds, the City has no bonds or obligations outstanding which are payable from the Revenues of the System; and

WHEREAS, it is the finding of the City Council that it is in the best interest of the City to direct its financial advisor, Ehlers & Associates, Inc. ("Ehlers"), to take the steps necessary for the City to offer and sell the Bonds at public sale and to obtain bids for the purchase of the Bonds; and

WHEREAS, in order to facilitate the sale of the Bonds in a timely manner, the City Council hereby finds and determines that it is necessary, desirable and in the best interest of the City to delegate to either the City Manager or Director of Finance and Administrative Services (each, an "Authorized Officer") the authority to accept on behalf of the City the bid for the Bonds that results in the lowest true interest cost for the Bonds (the "Proposal") and meets the terms and conditions provided for in this Resolution by executing a certificate in substantially the form attached hereto as Exhibit A and incorporated herein by reference (the "Approving Certificate").

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City that:

Section 1A. Authorization and Sale of the Bonds; Parameters. For the purpose of paying costs of the Project, the City is authorized to borrow pursuant to Section 66.0621, Wisconsin Statutes, the principal sum of not to exceed FIVE MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$5,275,000) upon the terms and subject to the conditions set forth in this Resolution. Subject to satisfaction of the condition set forth in Section 18 of this Resolution, the City Manager and City Clerk are hereby authorized, empowered and directed to make, execute, issue and sell to the financial institution that submitted the Proposal (the "Purchaser") for, on behalf of and in the name of the City, Bonds aggregating the principal amount of not to exceed FIVE MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$5,275,000). The purchase price to be paid to the City for the Bonds shall not be less than 98.75% of the principal amount of the Bonds.

Section 1B. Terms of the Bonds. The Bonds shall be designated "Waterworks and Sewer System Revenue Bonds, Series 2026B"; shall be issued in the aggregate principal amount

of up to \$5,275,000; shall be dated as of their date of issuance; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and mature or be subject to mandatory redemption on the dates and in the principal amounts set forth below, provided that (i) the principal amount of each maturity or mandatory redemption amount may be increased or decreased by up to \$75,000 per maturity or mandatory redemption amount and (ii) the aggregate principal amount of the Bonds shall not exceed \$5,275,000. The schedule below assumes the Bonds are issued in the aggregate principal amount of \$5,275,000.

<u>Date</u>	<u>Principal Amount</u>
05-01-2027	\$ 80,000
05-01-2028	190,000
05-01-2029	195,000
05-01-2030	200,000
05-01-2031	210,000
05-01-2032	215,000
05-01-2033	225,000
05-01-2034	230,000
05-01-2035	245,000
05-01-2036	250,000
05-01-2037	260,000
05-01-2038	275,000
05-01-2039	285,000
05-01-2040	295,000
05-01-2041	310,000
05-01-2042	325,000
05-01-2043	340,000
05-01-2044	365,000
05-01-2045	380,000
05-01-2046	400,000

Interest shall be payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2027. The true interest cost on the Bonds (computed taking the Purchaser's compensation into account) shall not exceed 4.58%. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

The Bonds shall be subject to optional redemption as set forth on the Approving Certificate. If the Proposal specifies that certain of the Bonds shall be subject to mandatory redemption, the terms of such mandatory redemption shall be set forth on an attachment to the Approving Certificate labeled as Schedule MRP. Upon the optional redemption of any of the Bonds subject to mandatory redemption, the principal amount of such Bonds so redeemed shall be credited against the mandatory redemption payments established in the Approving Certificate in such manner as the City shall direct.

The schedule of principal and interest will be found to be such that the amount of annual debt service payments is reasonable in accordance with prudent municipal utility practices by the Authorized Officer.

Section 1C. Security for the Bonds. The Bonds, together with interest thereon, shall not constitute an indebtedness of the City nor a charge against its general credit or taxing power. The Bonds, together with interest thereon, shall be payable only out of the Debt Service Fund provided for in Section 4A herein, and shall be a valid claim of the registered owner or owners thereof only against the Debt Service Fund and the Revenues of the System pledged to such fund, on a parity with the pledge granted to the owners of the Prior Bonds. Sufficient Revenues are hereby pledged to said Debt Service Fund, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Prior Bonds, the Bonds and any Parity Bonds as the same becomes due.

Section 2. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit B and incorporated herein by this reference.

Section 3. Definitions. In addition to the words defined elsewhere in this Resolution, the following words shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Annual Debt Service Requirement" means the total amount of principal and interest due in any Bond Year on the Bonds, the Prior Bonds and Parity Bonds (whether the principal is due by maturity or mandatory redemption).

"Bond Year" means the one-year period ending on a principal payment date or mandatory redemption date for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"DTC" means The Depository Trust Company, New York, New York, or any successor securities depository for the City with respect to the Bonds.

"Fiscal Year" means the fiscal year adopted by the City for the System, which is currently the calendar year.

"Net Revenues" means the Revenues minus all Operation and Maintenance Expenses of the System.

"Operation and Maintenance Expenses" or "Current Expenses" means the reasonable and necessary costs of operating, maintaining, administering and repairing the System, including salaries, wages, costs of materials and supplies, insurance and audits, but excluding depreciation, debt service, tax equivalents and capital expenditures.

"Parity Bonds" means additional bonds or obligations issued on a parity as to pledge and lien with the Bonds in accordance with the provisions of Section 7 of this Resolution.

"Reserve Requirement" means an amount, determined as of the date of issuance of the Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of the Bonds, plus the amount permitted to be deposited therein from proceeds of the Bonds pursuant to section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on the 2022 Bonds, the 2024 Bonds and the Bonds in any Bond Year; and (c) 125% of average annual debt service on the 2022 Bonds, the 2024 Bonds and the Bonds; provided,

however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the outstanding obligations secured by the Reserve Account in any Bond Year. If Parity Bonds which are to be secured by the Reserve Account are issued, the Reserve Requirement shall mean an amount, determined as of the date of issuance of the Parity Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of such Parity Bonds, plus the amount permitted to be deposited therein pursuant to Section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued in any Bond Year; and (c) 125% of average annual debt service on the outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the Parity Bonds to be issued and the outstanding obligations secured by the Reserve Account in any Bond Year.

"Regulations" means the Regulations of the Commissioner of Internal Revenue under the Code.

"Revenues" or "Gross Earnings" means the gross earnings of the System, including earnings of the System derived from waterworks and sewer charges imposed by the City, all payments to the City under any service agreements between the City and any contract users of the System, and any other monies received from any source including all rentals and fees, any special assessments levied and collected in connection with the projects financed by the Bonds and the Prior Bonds and any monies appropriated by the City Council to the System pursuant to Section 5 herein.

"System" means the entire Waterworks System and Sewer System of the City specifically including that portion of the Project owned by the City and including all property of every nature now or hereafter owned by the City for: (i) the collection, treatment, storage and distribution of water; and (ii) the collection, transmission, treatment, storage, metering and disposal of domestic, industrial and public sewerage and waste, including all improvements and extensions thereto made by the City while any of the Prior Bonds, the Bonds and Parity Bonds remain outstanding, including all real and personal property of every nature comprising part of or used or useful in connection with such Waterworks System, and Sewer System and including all appurtenances, contracts, leases, franchises, and other intangibles.

Section 4A. Income and Revenue Funds. In accordance with the Act, for the purpose of the application and proper allocation of the Revenues of the System, and to secure the payment of the principal of and interest on the Bonds, Prior Bonds and Parity Bonds, certain funds which were created and established by a resolution adopted on November 20, 1990, continued by the Prior Resolutions, and are hereby further continued and shall be used solely for the following respective purposes:

- (a) Sewer System and Waterworks System Revenue Fund (the "Revenue Fund"), into which shall be deposited as received the Gross Earnings of the System, which money shall then be divided among the Operation and Maintenance Fund, the Debt Service Fund, the Reserve Account, the Depreciation Fund and the Surplus Fund in the amounts and in the manner set forth in Section 4B hereof and used for the purposes described below.

(b) Sewer System and Waterworks System Operation and Maintenance Fund (the "Operation and Maintenance Fund"), which shall be used for the payment of Current Expenses.

(c) Sewer System and Waterworks System Revenue Bond and Interest Special Redemption Fund (the "Debt Service Fund"), which shall be used for the payment of the principal of, premium, if any, and interest on the Bonds, the Prior Bonds and Parity Bonds as the same becomes due.

(d) Reserve Account (the "Reserve Account"), which is hereby continued within the Debt Service Fund and which shall be used for the payment of the principal and interest on the 2022 Bonds, the 2024 Bonds, the Bonds and any Parity Bonds secured by the Reserve Account at any time when there shall be insufficient money in the Debt Service Fund for said purpose. The Reserve Account does not secure the principal of or interest on the 2009 Bonds, the 2011 Bonds or the 2016 Bonds, and moneys in the Reserve Account shall under no circumstances be used to pay principal of or interest on the 2009 Bonds, the 2011 Bonds or the 2016 Bonds.

(e) Waterworks System and Sewer System Depreciation Fund (the "Depreciation Fund"), which shall be used to provide a proper and adequate depreciation account for the System. Money in the Depreciation Fund shall be available and shall be used whenever necessary to restore any deficiency in the Debt Service Fund or the Reserve Account.

(f) Waterworks System and Sewer System Surplus Fund (the "Surplus Fund"), which shall first be used when necessary to meet requirements of the Operation and Maintenance Fund including the one month reserve, the Debt Service Fund including the Reserve Account, and the Depreciation Fund. Any money then remaining in the Surplus Fund at the end of any Fiscal Year may be used only as permitted and in the order specified in Section 66.0811(2), Wisconsin Statutes. Money thereafter remaining in the Surplus Fund may be transferred to any of the funds or accounts continued by this section.

Section 4B. Application of Revenues. After the delivery of the Bonds, the Gross Earnings of the System shall be deposited as collected in the Revenue Fund and shall be transferred monthly to the funds listed below in the following order of priority and in the manner set forth below:

(a) to the Operation and Maintenance Fund, in an amount equal to the estimated Current Expenses for such month and, if not needed to remedy any deficiency in the Debt Service Fund for the following month (after giving effect to available amounts in said Fund from prior deposits);

(b) to the Debt Service Fund, an amount equal to one-sixth (1/6) of the next installment of interest coming due on the Bonds, the Prior Bonds and any Parity Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the Bonds, the Prior Bonds and any Parity Bonds

coming due during such Bond Year (after giving effect to available amounts in said Fund from accrued interest, any premium or any other source);

(c) to the Reserve Account, only at such times that the amount on deposit is not equal to the Reserve Requirement, an amount equal to one-twelfth of the Reserve Requirement until the amount accumulated in the Reserve Account (after giving effect to amounts on deposit or in the Reserve Account, from any investment earnings or any other source) equals the Reserve Requirement;

(d) to the Depreciation Fund an amount determined by the City Council to be sufficient to provide a proper and adequate depreciation account for the System; and

(e) to the Surplus Fund, any amount remaining in the Revenue Fund after the monthly transfers required above have been completed.

Transfers from the Revenue Fund to the Operation and Maintenance Fund, the Debt Service Fund, the Reserve Account, the Depreciation Fund and the Surplus Fund shall be made monthly not later than the tenth day of each month, and such transfer shall be applicable to monies on deposit in the Revenue Fund as of the last day of the month preceding. Any other transfers and deposits to any fund required or permitted by subsection (a) through (e) of this Section, except transfers or deposits which are required to be made immediately or annually, shall be made on or before the tenth day of the month. Any transfer or deposit required to be made at the end of any Fiscal Year shall be made within sixty (60) days after the close of such Fiscal Year. If the tenth day of any month shall fall on a day other than a business day, such transfer or deposit shall be made on the next succeeding business day.

It is the express intent and determination of the City Council that the amounts transferred from the Revenue Fund and deposited in the Debt Service Fund (including the Reserve Account) shall be sufficient in any event to pay principal of and interest on the Bonds, the Prior Bonds and any Parity Bonds and to meet the Reserve Requirement, and the City Treasurer shall each Fiscal Year deposit at least sufficient Revenues in the Debt Service Fund to pay promptly all principal and interest falling due on the Prior Bonds, the Bonds and Parity Bonds and to meet the Reserve Requirement.

The Debt Service Fund shall be kept apart from monies in the other funds and accounts of the City. The Debt Service Fund shall be used for no purpose other than the prompt payment of principal of and interest on the Prior Bonds, the Bonds and any Parity Bonds. The minimum amounts to be so deposited for debt service on the Bonds, in addition to all amounts to be deposited to pay debt service on the Prior Bonds, are set forth on the Schedule.

It is the intent of the City that at all times the Reserve Account constitutes a "reasonably required reserve fund" under Section 148 of the Code and any applicable Regulations.

The Operation and Maintenance Fund and the Depreciation Fund shall be deposited as received in public depositories to be selected by the City Council in the manner required by Chapter 34 of the Wisconsin Statutes and may be invested in legal investments subject to the provisions of Section 66.0603(1m), Wisconsin Statutes.

The Debt Service Fund shall be used for no purpose other than the payment of interest upon and principal of the Prior Bonds, the Bonds and Parity Bonds promptly as the same become due and payable or to pay redemption premiums. All money in the Debt Service Fund shall be deposited in a special account and invested in legal investments subject to Section 66.0603(1m), Wisconsin Statutes, and the monthly payments required to be made to the Debt Service Fund shall be made directly to such account.

Funds in the Debt Service Fund in excess of the minimum amounts required to be paid therein plus reserve requirements may be transferred to the Surplus Fund.

Section 5. Service to the City. The reasonable cost and value of any service rendered to the City by the System by furnishing services for public purposes shall be charged against the City and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the revenues derived from the System, and out of the tax levy of the City made by it to raise money to meet its necessary current expenses. It is hereby found and determined that the reasonable cost and value of such service to the City in each year shall be in an amount which, together with Revenues of the System, will produce Net Revenues equivalent to not less than 1.20 times the Annual Debt Service Requirement. Such compensation for such service rendered to the City shall, in the manner provided hereinabove, be paid into the separate and special funds described in Section 4A of this Resolution. However, such payment is subject to (a) annual appropriations by the City Council therefor, (b) approval of the Wisconsin Public Service Commission, or successors to its function, if necessary, and (c) applicable levy limits, if any; and neither this Resolution nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Section 6. Operation of System; City Covenants. It is covenanted and agreed by the City with the owner or owners of the Bonds, and each of them, that:

(a) The City will faithfully and punctually perform all duties with reference to the System required by the Constitution and Statutes of the State of Wisconsin, including the making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, and will collect and segregate the Revenues of the System and apply them to the respective funds and accounts described hereinabove;

(b) The City will not sell, lease, or in any manner dispose of the System, including any part thereof or any additions, extensions, or improvements that may be made part thereto, except that the City shall have the right to sell, lease or otherwise dispose of any property of the System found by the City Council to be neither necessary nor useful in the operation of the System, provided the proceeds received from such sale, lease or disposal shall be paid into the Debt Service Fund, or applied to the acquisition or construction of capital facilities for use in the normal operation of the System, and such payment shall not reduce the amounts otherwise required to be paid into the Debt Service Fund;

(c) The City will cause the Project to be completed as expeditiously as reasonably possible;

(d) The City will pay or cause to be paid all lawful taxes, assessments, governmental charges, and claims for labor, materials or supplies which if unpaid could become a lien upon the System or its Revenues or could impair the security of the Bonds;

(e) The City will maintain in reasonably good condition and operate the System, and will establish, charge and collect such lawfully established rates and charges for the service rendered by the System, so that in each Fiscal Year Net Revenues shall not be less than 120% of the Annual Debt Service Requirement, and so that the Revenues of the System herein agreed to be set aside to provide for the payment of the Bonds, the Prior Bonds and Parity Bonds and the interest thereon as the same becomes due and payable, and to meet the Reserve Requirement, will be sufficient for those purposes;

(f) The City will prepare a budget not less than sixty days prior to the end of each Fiscal Year and, in the event such budget indicates that the Net Revenues for each Fiscal Year will not exceed the Annual Debt Service Requirement for each corresponding Fiscal Year by the proportion stated hereunder, will take any and all steps permitted by law to increase rates so that the aforementioned proportion of Net Revenues to the Annual Debt Service Requirement shall be accomplished as promptly as possible;

(g) The City will keep proper books and accounts relative to the System separate from all other records of the City and will cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants including a balance sheet and a profit and loss statement of the System as certified by such accountants. There may be separate audits for the Waterworks System and the Sewer System. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein shall include the following: (1) a statement in detail of the income and expenditures of the System for the Fiscal Year; (2) a statement of the Net Revenues of the System for such Fiscal Year; (3) a balance sheet as of the end of such Fiscal Year; (4) the accountants' comment regarding the manner in which the City has carried out the requirements of this Resolution and the accountants' recommendations for any changes or improvements in the operation of the System; (5) the number of connections to the System at the end of the Fiscal Year, for each user classification (i.e., residential, commercial, public and industrial); (6) a list of the insurance policies in force at the end of the Fiscal Year setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy; and (7) the volume of water used as the basis for computing the service charge; and

(h) So long as any of the Bonds are outstanding the City will carry for the benefit of the owners of the Bonds insurance of the kinds and in the amounts normally carried by private companies or other public bodies engaged in the operation of similar systems. All money received for loss of use and occupancy shall be considered Revenue of the System payable into the separate funds and accounts named in Section 4A of this Resolution. All money received for losses under any casualty policies shall be used in repairing the damage or in replacing the property destroyed provided that if the City Council shall find it is inadvisable to repair such damage or replace such property and that the operation of the System has not been impaired thereby, such money shall be deposited in the Debt Service Fund, but in that event such payments shall not reduce the amounts otherwise required to be paid into the Debt Service Fund.

Section 7. Additional Bonds. The Bonds are issued on a parity with the Prior Bonds. No bonds or obligations payable out of the Revenues of the System may be issued in such manner as

to enjoy priority over the Bonds. Additional obligations may be issued if their lien and pledge is junior and subordinate to that of the Bonds. Parity Bonds may be issued only if all of the following conditions are met:

a. Either:

(1) The Net Revenues for the last completed Fiscal Year preceding the issuance of such additional obligations must have been at least equal to 1.20 times the average combined annual interest and principal requirements on all bonds then outstanding and payable from the Revenues of the System (other than any bonds being refunded), and the obligations so proposed to be issued for any succeeding Fiscal Year in which there shall be a principal maturity on such outstanding bonds; provided, however, that if prior to the authorization of such additional obligations the City shall have adopted and put into effect a revised schedule of rates, then the Net Revenues of the System for the last completed Fiscal Year for purposes of such computation shall include such additional Revenues as a registered municipal advisor, consulting engineer, the Wisconsin Public Service Commission or an independent certified public accountant employed for that purpose, may calculate would have accrued during the prior Fiscal Year had the new rates been in effect during that Fiscal Year; or

(2) A registered municipal advisor, certified public accountant or consulting professional engineer provides a certificate setting forth for each of the three Fiscal Years commencing with the Fiscal Year following that in which the projects financed by such additional obligations are to be completed, the projected Net Revenues and the maximum annual interest and principal requirements on all bonds outstanding payable from the Net Revenues of the System and on the obligations then to be issued (the "Maximum Annual Debt Service Requirement"); and demonstrating that for each such Fiscal Year the projected Net Revenues will be in an amount not less than 120% of such Maximum Annual Debt Service Requirement.

b. The payments required to be made into the funds enumerated in Section 4A of this Resolution (including the Reserve Account, but not the Surplus Fund) must have been made in full.

c. The additional bonds must have principal falling due on May 1 and interest falling due on May 1 and November 1 of each year.

d. If the Parity Bonds are to be secured by the Reserve Account, the amount on deposit in the Reserve Account must be increased to an amount equal to the Reserve Requirement applicable upon the issuance of Parity Bonds as defined in Section 3 of this Resolution.

e. The proceeds of the additional bonds must be used only for the purpose of providing additions, extensions or improvements to the System, or to refund obligations issued for such purpose.

While the Prior Bonds are outstanding, unless waived by the registered owners of the Prior Bonds, the City must also meet the additional bonds test set forth in the Prior Resolutions prior to the issuance of Parity Bonds.

Section 8. Application of Bond Proceeds. All accrued interest, if any, received from the sale of the Bonds shall be deposited into the Debt Service Fund. An amount of proceeds of the

Bonds needed to make the balance in the Reserve Account equal to the Reserve Requirement shall be deposited in the Reserve Account. The balance of the proceeds, less the expenses incurred in authorizing, issuing and delivering the Bonds, shall be deposited in a special fund designated as "Waterworks and Sewer System Improvement Fund." Said special fund shall be adequately secured and used solely for the purpose of meeting costs of extending, adding to and improving the System, as described in the preamble hereof. The balance remaining in said Waterworks and Sewer System Improvement Fund after paying said costs shall be transferred to the Debt Service Fund for use in payment of principal of and interest on the Bonds.

Section 9. Amendment to Resolution. After the issuance of any of the Bonds, no change or alteration of any kind in the provisions of this Resolution may be made until all of the Bonds have been paid in full as to both principal and interest, or discharged as herein provided, except:

a. The City may, from time to time, amend this Resolution without the consent of any of the owners of the Bonds, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of this Resolution; and

b. This Resolution may be amended, in any respect, with the written consent of the owners of not less than two-thirds of the principal amount of the Bonds then outstanding, exclusive of Bonds held by the City; provided, however, that no amendment shall permit any change in the pledge of Revenues derived from the System, or in the maturity of any Bond issued hereunder, or a reduction in the rate of interest on any Bond, or in the amount of the principal obligation thereof, or in the amount of the redemption premium payable in the case of redemption thereof, or change the terms upon which the Bonds may be redeemed or make any other modification in the terms of the payment of such principal or interest without the written consent of the owner of each such Bond to which the change is applicable.

Section 10. Defeasance. When all Bonds have been discharged, all pledges, liens, covenants and other rights granted to the owners thereof by this Resolution shall cease. The City may discharge all Bonds due on any date by depositing into a special account on or before that date a sum sufficient to pay the same in full; or if any Bonds should not be paid when due, it may nevertheless be discharged by depositing into a special account a sum sufficient to pay it in full with interest accrued from the due date to the date of such deposit. The City, at its option, may also discharge all Bonds called for redemption on any date when they are prepayable according to their terms, by depositing into a special account on or before that date a sum sufficient to pay them in full, with the required redemption premium, if any, provided that notice of redemption has been duly given as required by this Resolution. The City, at its option, may also discharge all Bonds of said issue at any time by irrevocably depositing in escrow with a suitable bank or trust company a sum of cash and/or bonds or securities issued or guaranteed as to principal and interest of the U.S. Government, or of a commission, board or other instrumentality of the U.S. Government, maturing on the dates and bearing interest at the rates required to provide funds sufficient to pay when due the interest to accrue on each of said Bonds to its maturity or, at the City's option, if said Bond is prepayable to any prior date upon which it may be called for redemption, and to pay and redeem the principal amount of each such Bond at maturity, or at the City's option, if said Bond is prepayable, at its earliest redemption date, with the premium required for such redemption, if any, provided that notice of the redemption of all prepayable Bonds on such date has been duly given or provided for. Upon such payment or deposit, in the amount and manner provided by this Section, all liability of

the City with respect to the Bonds shall cease, terminate and be completely discharged, and the owners thereof shall be entitled only to payment out of the money so deposited.

Section 11. Investments and Arbitrage. Monies accumulated in any of the funds and accounts referred to in Sections 4A and 8 hereof which are not immediately needed for the respective purposes thereof, may be invested in legal investments subject to the provisions of Sec. 66.0603(1m), Wisconsin Statutes, until needed. All income derived from such investments shall be credited to the fund or account from which the investment was made; provided, however, that at any time that the Reserve Requirement is on deposit in the Reserve Account, any income derived from investment of the Reserve Account shall be deposited into the Debt Service Fund and used to pay principal and interest on the Bonds. A separate banking account is not required for each of the funds and accounts established under this Resolution; however, the monies in each fund or account shall be accounted for separately by the City and used only for the respective purposes thereof. The proceeds of the Bonds shall be used solely for the purposes for which they are issued but may be temporarily invested until needed in legal investments. No such investment shall be made in such a manner as would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations.

An officer of the City, charged with the responsibility for issuing the Bonds, shall, on the basis of the facts, estimates and circumstances in existence on the date of closing, make such certifications as are necessary to permit the conclusion that the Bonds are not "arbitrage bonds" under Section 148 of the Code or the Regulations.

Section 12. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the City and the owner or owners of the Bonds, and after issuance of any of the Bonds no change or alteration of any kind in the provisions of this Resolution may be made, except as provided in Section 10, until all of the Bonds have been paid in full as to both principal and interest. The owner or owners of any of the Bonds shall have the right in addition to all other rights, by mandamus or other suit or action in any court of competent jurisdiction, to enforce such owner's or owners' rights against the City, the governing body thereof, and any and all officers and agents thereof including, but without limitation, the right to require the City, its governing body and any other authorized body, to fix and collect rates and charges fully adequate to carry out all of the provisions and agreements contained in this Resolution.

Section 13. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Bonds eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the City agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations which the City Clerk or other authorized representative of the City is authorized and directed to execute and deliver to DTC on behalf of the City to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the City Clerk's office.

Section 14. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by Bond Trust Services Corporation, which is hereby appointed as the City's registrar and fiscal agent pursuant to the provisions of Section 67/10(2), Wisconsin Statutes (the "Fiscal Agent"). The City hereby authorizes the City Manager and the City Clerk or other appropriate officers of the City to enter a Fiscal Agency Agreement between the City and the Fiscal Agent. Such contract may provide, among other things, for the performance by the Fiscal

Agent of the functions listed in Wis. Stats. Sec. 67.10(2)(a) to (j), where applicable, with respect to the Bonds.

Section 15. Persons Treated as Owners; Transfer of Bonds. The City shall cause books for the registration and for the transfer of the Bonds to be kept by the Fiscal Agent. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Bond shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the City Manager and City Clerk shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Bond surrendered for transfer.

The City shall cooperate in any such transfer, and the City Manager and City Clerk are authorized to execute any new Bond or Bonds necessary to effect any such transfer.

Section 16. Record Date. The fifteenth day of each calendar month next preceding each interest payment date shall be the record date for the Bonds (the "Record Date"). Payment of interest on the Bonds on any interest payment date shall be made to the registered owners of the Bonds as they appear on the registration book of the City at the close of business on the Record Date.

Section 17. Compliance with Federal Tax Laws. (a) The City represents and covenants that the Project and the ownership, management and use of the Project will not cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. The City further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Bonds including, if applicable, the rebate requirements of Section 148(f) of the Code. The City further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the City charged with the responsibility of issuing the Bonds shall provide an appropriate certificate of the City certifying that the City can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The City also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Bonds provided that in meeting such requirements the City will do so only to the extent consistent with the proceedings authorizing the Bonds and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

The foregoing covenants shall remain in full force and effect, notwithstanding the defeasance of the Bonds, until the date on which all of the Bonds have been paid in full.

Section 18. Condition on Issuance and Sale of the Bonds. The issuance of the Bonds and the sale of the Bonds to the Purchaser is subject to approval by an Authorized Officer of the principal amount, definitive maturities, redemption provisions, interest rates, first interest payment date and purchase price for the Bonds, which approval shall be evidenced by execution by an Authorized Officer of the Approving Certificate.

The Bonds shall not be issued, sold or delivered until this condition is satisfied. Upon satisfaction of this condition, an Authorized Officer is authorized to execute a Proposal with the Purchaser providing for the sale of the Bonds to the Purchaser.

Section 19. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of the proceeds of the Bonds allocable to the payment of issuance expenses to a financial institution selected by Ehlers at Closing for further distribution as directed by Ehlers.

Section 20. Official Statement. The City Council hereby directs an Authorized Officer to approve the Preliminary Official Statement with respect to the Bonds and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by an Authorized Officer or other officers of the City in connection with the preparation of such Preliminary Official Statement and any addenda to it or final Official Statement are hereby ratified and approved. In connection with the closing of the Bonds, the appropriate City official shall certify the Preliminary Official Statement and any addenda or final Official Statement. The City Clerk shall cause copies of the Preliminary Official Statement and any addenda or final Official Statement to be distributed to the Purchaser.

Section 21. Undertaking to Provide Continuing Disclosure. The City hereby covenants and agrees, for the benefit of the owners of the Bonds, to enter into a written undertaking (the "Undertaking") if required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Bonds or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the City to comply with the provisions of the Undertaking shall not be an event of default with respect to the Bonds).

To the extent required under the Rule, the City Manager and City Clerk, or other officer of the City charged with the responsibility for issuing the Bonds, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the City's Undertaking.

Section 22. Record Book. The City Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct

statement of every step or proceeding had or taken in the course of authorizing and issuing the Bonds in the Record Book.

Section 23. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Bonds, the officers of the City are authorized to take all actions necessary to obtain such municipal bond insurance. The City Manager and City Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the City Manager and City Clerk including provisions regarding restrictions on investment of Bond proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Bonds by the bond insurer and notices to be given to the bond insurer. In addition, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 24. Execution of the Bonds; Closing; Professional Services. The Bonds shall be issued in printed form, executed on behalf of the City by the manual or facsimile signatures of the City Manager and City Clerk, authenticated, if required, by the Fiscal Agent, sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the City of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Bonds may be imprinted on the Bonds in lieu of the manual signature of the officer but, unless the City has contracted with a fiscal agent to authenticate the Bonds, at least one of the signatures appearing on each Bond shall be a manual signature. In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Bonds and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The City hereby authorizes the officers and agents of the City to enter into, on its behalf, agreements and contracts in conjunction with the Bonds, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Bonds is hereby ratified and approved in all respects.

Section 25. Conflicting Ordinances or Resolutions. All prior ordinances, resolutions (other than the Prior Resolutions), rules, or orders, or parts thereof heretofore enacted, adopted or entered, in conflict with the provisions of this Resolution, are hereby repealed and this Resolution shall be in effect from and after its passage. In case of any conflict between this Resolution and the Prior Resolutions, then the Prior Resolutions shall control so long as any bonds authorized by the Prior Resolutions are outstanding.

Adopted, approved and recorded May 19, 2026.

Patrick Singer
Council President

ATTEST:

Heather Boehm
City Clerk

(SEAL)

NOTICE OF SALE

**\$5,275,000* WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026B
CITY OF WHITEWATER, WISCONSIN**

Bids for the purchase of \$5,275,000* Waterworks and Sewer System Revenue Bonds, Series 2026B (the "Bonds") of the City of Whitewater, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the City, until 09:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 09:30 A.M., Central Time, on June 30, 2026, at which time they will be opened, read and tabulated. **The City Council adopted a resolution on May 19, 2026 (the "Parameters Resolution"), which authorizes the City Manager or the Director of Finance and Administrative Services/Treasurer to accept a bid for the Bonds if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on June 30, 2026, neither the City Manager nor the Director of Finance and Administrative Services/Treasurer will have the authority to accept a bid for the Bonds, and all bids will be rejected.**

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City, to provide funds for the public purpose of financing improvements and extensions to the City's Waterworks System and Sewer System (the "Utility System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of income and revenue to be derived from the operation of the Utility System. The Bonds are being issued on a parity with the City's outstanding Waterworks and Sewer System Revenue Bonds, Series 2009, dated December 9, 2009 (the "2009 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2011, dated July 27, 2011 (the "2011 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2016, dated April 13, 2016 (the "2016 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2022B, dated June 9, 2022 (the "2022 Bonds"), Waterworks and Sewer System Revenue Bonds, Series 2024B, dated July 17, 2024 (the "2024B Bonds"), and Waterworks and Sewer System Revenue Bonds, Series 2024C, dated August 14, 2024 (the "2024C Bonds").

DATES AND MATURITIES

The Bonds will be dated July 22, 2026, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$80,000	2034	\$230,000	2041	\$310,000
2028	190,000	2035	245,000	2042	325,000
2029	195,000	2036	250,000	2043	340,000
2030	200,000	2037	260,000	2044	365,000
2031	210,000	2038	275,000	2045	380,000
2032	215,000	2039	285,000	2046	400,000
2033	225,000	2040	295,000		

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, up to a \$75,000 increase or decrease per maturity or mandatory redemption amount. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after May 1, 2035 shall be subject to optional redemption prior to maturity on May 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about July 22, 2026, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$5,209,062.50 plus accrued interest on the principal sum of \$5,275,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 9:30 A.M., Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$105,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such

time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. **The Bonds will not be awarded if the TIC (taking the purchaser's compensation into account) exceeds 4.58% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the City Council

John Weidl, City Manager
City of Whitewater, Wisconsin

BID FORM

June 30, 2026

City of Whitewater, Wisconsin (the "City")

RE: \$5,275,000* Waterworks and Sewer System Revenue Bonds, Series 2026B (the "Bonds")

DATED: July 22, 2026

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$5,209,062.50) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037	_____ % due	2044
_____ % due	2031	_____ % due	2038	_____ % due	2045
_____ % due	2032	_____ % due	2039	_____ % due	2046
_____ % due	2033	_____ % due	2040		

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, up to a \$75,000 increase or decrease per maturity or mandatory redemption amount. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$105,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about July 22, 2026.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___ 10% test, or the ___ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from July 22, 2026 of the above bid is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted on behalf of the City of Whitewater, Wisconsin, on June 30, 2026.

By: _____
Title: _____