

**CITY OF WHITEWATER
WHITEWATER, WISCONSIN
REQUIRED AUDIT COMMUNICATIONS
TO THE CITY COUNCIL**

Year Ended December 31, 2025

**Johnson Block & Company, Inc.
Certified Public Accountants
9701 Brader Way, Suite 202
Middleton, Wisconsin 53562
(608) 274-2002**

**CITY OF WHITEWATER
WHITEWATER, WISCONSIN**

Year Ended December 31, 2025

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Management Representation Letter



AUDIT MATTERS REQUIRING COMMUNICATION TO THE GOVERNING BODY

To the City Council
City of Whitewater
Whitewater, Wisconsin

We have audited the financial statements of the City of Whitewater as of and for the year ended December 31, 2025, and have issued our report thereon dated August 14, 2026. Professional standards also require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 21, 2026, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the City of Whitewater solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and a material weakness, and other matters noted during our audit in a separate letter to you dated August 14, 2026.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Whitewater is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the City of Whitewater adopted GASB Statement No. 102, Certain Risk Disclosures. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the WRS pension liability and deferred outflows and inflows of resources are based on various factors. These estimates are computed by the pension plan administrator.
- Management's estimates of the other postemployment benefits are based on various factors. The estimated liabilities were computed by an actuarial study.

We evaluated the factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule in the appendix summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures: See appendix.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Whitewater's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated August 14, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Whitewater, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Whitewater's auditors.

This report is intended solely for the information and use of the City Council and management of the City of Whitewater and is not intended to be and should not be used by anyone other than those specified parties.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
August 14, 2026



MANAGEMENT LETTER

To the City Council
City of Whitewater
Whitewater, Wisconsin

In planning and performing our audit of the financial statements of the City of Whitewater for the year ended December 31, 2025, we considered the City of Whitewater's internal control in order to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. The following pages that accompany this letter summarize our comments and suggestions regarding those matters. This letter does not affect our report dated August 14, 2026, on the financial statements of the City of Whitewater.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the City of Whitewater's personnel during the course of our work.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
August 14, 2026

**CITY OF WHITEWATER
WHITEWATER, WISCONSIN
Year Ended December 31, 2025**

ADJUSTING JOURNAL ENTRIES

As your auditor, our role is to substantiate year-end financial balances and information presented by your accounting personnel, and compare it to supporting information and outside confirmations. When information in your records does not agree with audit evidence, an adjusting entry is necessary to correct your records. Sometimes these entries are identified by your staff as they get ready for the audit. Other adjustments are prepared by us as we discover that your general ledger balances need to be changed to reflect the correct balances.

The proposed entries were accepted by the City of Whitewater's management. All of these changes are reflected properly in your audited financial statements. A copy of the adjusting entries has been provided to your staff and they have been posted to your 2025 general ledger.

Due to the technical nature of financial reporting and complying with financial reporting standards, most clients have their CPA firm prepare the year-end financial statements and note disclosures. We have provided these services to your City.

We are communicating this information to you to give you a better understanding of what we do and how the year-end process works. Our job as auditors is to bring in an outside perspective and provide a level of comfort that your financial reporting system is materially correct and accurately reflects the financial activity for the year.

We hope that by providing this information on what we do, you will have a better understanding of our role, and the various ways that we work with your staff.

PASSED JOURNAL ENTRIES

Passed journal entries may occur due to transaction timing, industry practices or lack of overall significance. There were multiple passed journal entries in 2025. See listing in appendix.

ADDITIONAL COMMENTS

Aquatic Center Revenue Projections

While formulating the budget for the Aquatic Center, we recommend that the City of Whitewater address the operating deficit in the Aquatic Center.

Current Year comment – The City has worked on getting projections in its budget process. Although the Aquatic Center had an even fund balance as of December 31, 2025, this was the result of the general fund increasing its subsidies in 2025. Prior to the general fund's transfers, the Aquatic Center's expenditures exceeded its revenues by \$357,421. The City is in the process of negotiations with the School District and formalizing a plan for long-term stability.

Journal Entry Review

During our audit, we noted that journal entries posted to the general ledger are not consistently reviewed and approved by an individual independent of the preparer prior to posting. While management may review financial results periodically, there is no documented evidence that journal entries, particularly manual or nonrecurring entries, are subject to a formal review and approval process. We recommend that management establish and document a formal journal entry review process. All journal entries should be reviewed and approved by an individual with appropriate accounting knowledge who is independent of the preparation process. Evidence of the review should be retained, such as electronic approval within the accounting system, initials and dates on supporting documentation, or a documented approval workflow.

**CITY OF WHITEWATER
WHITEWATER, WISCONSIN
Year Ended December 31, 2025**

CONCLUDING REMARKS

We would like to thank you for allowing us to serve you. We are committed to assisting you in the long-term financial success of the City of Whitewater and our comments are intended to draw to your attention issues which need to be addressed by the City to meet its goals and responsibilities.

The comments and suggestions in this communication are not intended to reflect in any way on the integrity or ability of the personnel of the City of Whitewater. They are made solely in the interest of establishing sound internal control practices required by changing professional standards. The City of Whitewater's staff is deeply committed to maintaining the financial reporting system so that informed decisions can be made. They were receptive to our comments and suggestions.

We will review the status of these comments during each audit engagement.

If you have any questions or comments regarding this communication or the financial statements, do not hesitate to contact us.

APPENDIX

City of Whitewater
Adjusting Journal Entries
For the Year Ended December 31, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1001			
To reverse double-booking of August settlement (2024 tax roll) reversal			
800-12100	TAXES RECEIVABLE - CURRENT Y	2,008,291.67	
800-12610	SPECIAL ASSESSMENTS/CURRENT	69,067.46	
800-25100	DUE TO GENERAL FUND		4,213.62
800-25101	DUE TO GENERAL FUND-TAXES		1,956,677.74
800-25401	LEVIES DUE TO TIF DISTRICTS		116,467.77
Total		2,077,359.13	2,077,359.13
Adjusting Journal Entries JE # 1002			
To move 2024 CWFL loan proceeds to liability account			
620-42217-62	BOND PROCEEDS	659,887.11	
620-21377	2024 CWF LOAN 4558-09		659,887.11
Total		659,887.11	659,887.11
Adjusting Journal Entries JE # 1003			
To move grant proceeds portion of 2025 SWDFL to revenue account			
610-23128	2025 CWLF LOAN 5650-02	590,285.05	
610-47481-61	MISC GRANT REVENUE		590,285.05
Total		590,285.05	590,285.05
Adjusting Journal Entries JE # 1004			
To reverse recognition of Johns Disposal special assessment payment - Recognized as revenue in 2024			
610-47421-61	DEVELOPER CONTRIBUTION	14,924.98	
610-25250	DEFERRED REVENUE		14,924.98
Total		14,924.98	14,924.98
Adjusting Journal Entries JE # 1005			
To record interfund on CDA for year-end expenses paid for by General Fund			
910-56500-408	RENTAL & PROPERTY EXPENSES	3,372.15	
910-25100	DUE TO GENERAL FUND		3,372.15
Total		3,372.15	3,372.15

City of Whitewater
Adjusting Journal Entries
For the Year Ended December 31, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1006			
To adjust GASB 68 WRS activity			
610-19999	GASB 68-PENSION CLEARING ACCT	15,946.00	
610-29011	GASB 68-WRS DIR	67,394.00	
620-19999	GASB 68-PENSION CLEARING ACCT	14,720.00	
620-29011	GASB 68-WRS DIR	72,100.00	
630-19999	GASB 68-PENSION CLEARING ACCT	2,235.00	
630-29011	GASB 68-WRS DIR	20,039.00	
900-19000	GASB 68-WRS NET PENSION ASSETS	2,782.00	
900-19999	GASB 68-PENSION CLEARING ACCT	10,999.00	
900-29011	GASB 68-WRS DIR	25,699.00	
920-19021	GASB 68-WRS DOR	4,805.00	
610-19000	GASB 68-WRS NET PENSION ASSETS		3,620.00
610-19021	GASB 68-WRS DOR		79,720.00
620-19000	GASB 68-WRS NET PENSION ASSETS		5,855.00
620-19021	GASB 68-WRS DOR		80,965.00
630-19000	GASB 68-WRS NET PENSION ASSETS		3,199.00
630-19021	GASB 68-WRS DOR		19,075.00
900-19021	GASB 68-WRS DOR		39,480.00
920-19000	GASB 68-WRS NET PENSION ASSETS		1,198.00
920-19999	GASB 68-PENSION CLEARING ACCT		1,924.00
920-29011	GASB 68-WRS DIR		1,683.00
Total		236,719.00	236,719.00
Adjusting Journal Entries JE # 1007			
To record loan loss reserve for Fine Food Arts loan			
910-56500-525	ACTION GRANTS-BUSINESS DEV	30,000.00	
910-13999	ACTION LOAN-LOAN LOSS RESERVE		30,000.00
Total		30,000.00	30,000.00
Adjusting Journal Entries JE # 1008			
To record additional accounts payable found in subsequent search (DO NOT POST \$25,580.01 FUND 216, FUND 450, OR FUND 610 PORTIONS OF ENTRY - CITY ALREADY RECORDED IN CIVIC)			
100-51100-715	TOURISM COMMITTEE-ROOM TAX	44,288.97	
216-52200-810	EQUIPMENT-VEHCLE	25,580.01	
450-58000-830	LIBRARY BUILDING IMPVTS	540,269.98	
610-61936-810	CAPITAL EQUIPMENT	13,804.95	
100-21100	ACCOUNTS PAYABLE		44,288.97
216-21100	ACCOUNTS PAYABLE		25,580.01
450-21100	ACCOUNTS PAYABLE		540,269.98
610-21100	ACCOUNTS PAYABLE		13,804.95
Total		623,943.91	623,943.91
Adjusting Journal Entries JE # 1009			
To record receivable for Federal taxicab grant reimbursements received in January/February 2026 for 2025 expenditures (DO NOT POST - CITY HAS ALREADY RECORDED IN CIVIC)			
235-13100	ACCOUNTS RECEIVABLE	117,433.34	
235-43510-51	FEDERAL GRANTS		117,433.34
Total		117,433.34	117,433.34

City of Whitewater
Adjusting Journal Entries
For the Year Ended December 31, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1010			
To record stormwater AR for EnerCon invoice billed out to John's disposal, work performed in December 2025			
630-14250	ACCOUNTS REC.-MISC/SERVICE	17,000.00	
630-41116-63	OTHER REVENUES		17,000.00
Total		17,000.00	17,000.00
Adjusting Journal Entries JE # 1011			
To adjust GASB 87 lessor leases in CDA			
920-19200	SHORT TERM LEASE RECEIVABLE	38,386.44	
920-29500	DEF INFLOW OF RESOURCES LEASES	47,421.56	
920-48631-56	RENT-CESA #2	90,000.00	
920-48632-56	RENT-JEDI	12,050.22	
920-48633-56	RENT-BLACKTHORNE CAPITAL LLC	7,242.69	
920-48636-56	RENT-I-BUTTON	47,331.47	
920-48640-56	RENT-REIMER SYSTEMS	2,100.00	
920-48680-56	RENT-NYLEN & PARTNERS	2,100.00	
920-48683-56	RENT-PAQUETTE CENTER	33,480.00	
920-48684-56	RENT-US FORESTRY SVC	9,507.00	
920-48687-56	RENT-REGENCY RARE COINS	2,932.00	
920-17100	INTEREST RECEIVABLE		133.38
920-19250	LONG TERM LEASE RECEIVABLE		81,309.83
920-48490-56	Interest Revenue - Leases		27,034.14
920-48900-56	Lease Revenue		184,074.03
Total		292,551.38	292,551.38
Adjusting Journal Entries JE # 1012			
To adjust GASB 87 lessor leases in general fund			
100-13300	INTEREST REC-LEASES GASB 87	304.12	
100-13310	ST LEASE RECEIVABLE GASB 87	43,630.11	
100-13350	LT LEASE RECEIVABLE GASB 87	111,953.97	
100-43540-52	UNIVERSITY-LEASE-PARKING	45,000.00	
100-48200-00	LONG TERM RENTALS	12,400.00	
100-26500	DEF INFLOW OF RESOURCES LEASES		175,954.46
100-48110-00	Interest Revenue - Leases		6,495.92
100-48900-00	Lease Revenue		30,837.82
Total		213,288.20	213,288.20
Adjusting Journal Entries JE # 1013			
To adjust GASB 87 lessor leases in water utility fund			
610-17100	INTEREST RECEIVABLE	24,751.55	
610-19200	SHORT TERM LEASE RECEIVABLE	23,764.32	
610-19250	LONG TERM LEASE RECEIVABLE	1,091,046.74	
610-47460-61	OTR REV/TOWER/SERVICE	80,880.00	
610-29500	DEF INFLOW OF RESOURCES LEASES		1,135,009.13
610-47420-61	Interest Revenue - Leases		34,514.98
610-47483-61	LEASE REVENUE		50,918.50
Total		1,220,442.61	1,220,442.61
Adjusting Journal Entries JE # 1014			
To adjust allowance and deferral related to EMS billings			
249-25500	DEFERRED REVENUE - FIRE	105,111.09	
249-13999	ALLOWANCE FOR DOUBTFUL ACCTS		73,075.13
249-48507-52	RESCUE CALL REVENUE		32,035.96
Total		105,111.09	105,111.09

City of Whitewater
Adjusting Journal Entries
For the Year Ended December 31, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1015			
To recognize remaining ARPA funding as revenue in 2025			
620-26730	OTHER DEFERRED REVENUE	203,800.00	
620-42218-62	GRANT PROCEEDS		203,800.00
Total		203,800.00	203,800.00
Adjusting Journal Entries JE # 1016			
To reclass water's portion of Vanderlip project from CIAC to utility-financed plant			
610-11343	MAINS	94,759.00	
610-11345	SERVICES	17,163.93	
610-11348	HYDRANTS	7,525.00	
610-12343	CIAC-MAINS		94,759.00
610-12345	CIAC-SERVICES		17,163.93
610-12348	CIAC-HYDRANTS		7,525.00
Total		119,447.93	119,447.93
Adjusting Journal Entries JE # 1017			
To adjust water tax equivalent to actual			
100-11100	CASH	83,704.00	
610-61930-590	TAXES	83,704.00	
100-48700-00	WATER UTILITY TAXES		83,704.00
610-11100	CASH-COMBINED		83,704.00
Total		167,408.00	167,408.00
Adjusting Journal Entries JE # 1018			
To reverse double-booking of meter disposals			
610-11346	METERS	74,400.00	
610-19500	ACCUM PROV/DEPR/UTILITY PLT		74,400.00
Total		74,400.00	74,400.00
Adjusting Journal Entries JE # 1019			
To adjust joint meter allocation entries to actual			
610-11100	CASH-COMBINED	15,145.36	
620-62810-356	JOINT METER EXPENSE	342.15	
620-62810-356	JOINT METER EXPENSE	13,780.21	
620-62810-550	DEPRECIATION EXPENSE	1,023.00	
610-47476-61	NET RETURN ON INVEST-METERS		13,780.21
610-61930-550	DEPRECIATION EXPENSE		1,023.00
610-61930-590	TAXES		342.15
620-11100	CASH-COMBINED CASH		15,145.36
Total		30,290.72	30,290.72
Adjusting Journal Entries JE # 1020			
To adjust Fund 249 deferred inflows of resources to actual			
249-48507-52	RESCUE CALL REVENUE	30,075.40	
249-25500	DEFERRED REVENUE - FIRE		30,075.40
Total		30,075.40	30,075.40

City of Whitewater
Adjusting Journal Entries
For the Year Ended December 31, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1021			
To eliminate deficit in debt service fund			
100-59230-990	TRANS TO FD 300 DEBT SERVICE	3,000.00	
300-11100	CASH	3,000.00	
100-11100	CASH		3,000.00
300-49290-00	TRANSFER FROM GENERAL FUND		3,000.00
Total		6,000.00	6,000.00
Adjusting Journal Entries JE # 1022			
To transfer Innovation Center from CDA to City			
910-22000	ACCUM DEPREC-BUILDING	1,709,182.14	
910-56500-650	TRANSFER-FD 900-ADMIN	4,419,361.86	
910-18360	REAL ESTATE		6,128,544.00
Total		6,128,544.00	6,128,544.00
Adjusting Journal Entries JE # 1023			
To accrue pay request #2, including retainage, for lead service line replacement project for services performed through September 2025, and grant portion of SWDFL reimbursement			
610-14250	ACCOUNTS REC.-MISC/SERVICE	200,599.61	
610-15500	CONST WORK IN PROGRESS	487,789.90	
610-21100	ACCOUNTS PAYABLE		487,789.90
610-47481-61	MISC GRANT REVENUE		200,599.61
Total		688,389.51	688,389.51

City of Whitewater
Passed Journal Entries
For the Year Ended December 31, 2025

Account	Description	Debit	Credit
Proposed Journal Entries JE # 4001			
To adjust sewer accrued interest			
620-62810-620	INTEREST ON DEBT	6,225.67	
620-21010	ACCRUED INTEREST PAYABLE		6,225.67
Total		6,225.67	6,225.67
Proposed Journal Entries JE # 4002			
To adjust accrued sick leave			
630-63300-120	EMPLOYEE BENEFITS-TOTAL	1,598.82	
630-23810	ACCRUED SICK LEAVE		1,598.82
Total		1,598.82	1,598.82
Proposed Journal Entries JE # 4003			
To allocate GASB 75 Life Insurance to Utilities			
610-19300	GASB 75-HEALTH DOR	3,483.62	
610-39160	UNAPPROP EARNED SURPLUS	20,277.23	
610-61926-150	EMPLOYEE FRINGE BENEFITS	51.07	
620-19300	GASB 75-HEALTH DOR	4,095.36	
620-34300	SURPLUS/FUND BALANCE	23,838.05	
620-62820-120	EMPLOYEE BENEFITS	60.05	
630-19300	GASB 75-HEALTH DOR	11,064.64	
630-39160	SURPLUS/FUND BALANCE	64,404.37	
630-63300-120	EMPLOYEE BENEFITS-TOTAL	162.23	
GASB 18000 LRLIF	Net OPEB Asset (Liability) LRLIF	70,506.80	
GASB 24400 LRLIF	Deferred Inflows - LRLIF	56,929.82	
610-29040	GASB 75-HEALTH LIABILITY		13,174.41
610-29050	GASB 75-HEALTH DIR		10,637.51
620-29040	GASB 75-HEALTH LIABILITY		15,487.93
620-29050	GASB 75-HEALTH DIR		12,505.53
630-29040	GASB 75-HEALTH LIABILITY		41,844.46
630-29050	GASB 75-HEALTH DIR		33,786.78
GASB 18600 LRLIF	Deferred Outflows - LRLIF		18,643.62
GASB 38000	Unrestricted fund balance		108,519.65
GASB 58130	Expenditures - Public Works		273.35
Total		254,873.24	254,873.24
Proposed Journal Entries JE # 4004			
To remove duplicate items from AP			
920-21100	ACCOUNTS PAYABLE	2,530.46	
920-56500-245	BUILDING MAINTENANCE		2,530.46
Total		2,530.46	2,530.46
Proposed Journal Entries JE # 4005			
To record government wide GASB 87 copier lease			
GASB 15200	GASB 87 - LEASE ASSET	62,897.56	
GASB 59110	Depreciation Expense - General Government	12,579.51	
GASB 15210	GASB 87 - ACCUMULATED DEPR		24,669.82
GASB 21600	GASB 87 - LEASE LIABILITY		39,224.98
GASB GG	General Government		11,582.27
Total		75,477.07	75,477.07

City of Whitewater
Passed Journal Entries
For the Year Ended December 31, 2025

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Proposed Journal Entries JE # 4006			
To record GASB 96 activity for cybersecurity software subscription			
GASB 15100	GASB 96 SBITA	41,650.00	
GASB 59110	Depreciation Expense - General Government	14,280.00	
GASB 15910	GASB 96 Accumulated Amortization		30,940.00
GASB 38000	Unrestricted fund balance		24,990.00
Total		55,930.00	55,930.00
Proposed Journal Entries JE # 4007			
To record unpaid health insurance claims liability related to self-funded health insurance plan (would get allocated across expenditure accounts if recorded)			
100-51100-153	HEALTH INSURANCE	40,687.79	
100-16100	PREPAID HEALTH INSURANCE PREM		40,687.79
Total		40,687.79	40,687.79
Proposed Journal Entries JE # 4008			
To adjust water depreciation to actual			
610-61930-550	DEPRECIATION EXPENSE	107,496.26	
610-19500	ACCUM PROV/DEPR/UTILITY PLT		107,496.26
Total		107,496.26	107,496.26

**City of Whitewater
312 W. Whitewater Street
Whitewater, Wisconsin 53190**

August 14, 2026

Johnson Block & Company, Inc.
9701 Brader Way, Suite 202
Middleton, Wisconsin 53562

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Whitewater, which comprise the respective financial position as of December 31, 2025, and the related changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements of the various opinion units are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of August 14, 2026:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 21, 2026, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
6. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
9. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
12. All funds and activities are properly classified.
13. All funds that meet the quantitative criteria in Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
14. All net position components and fund balance classifications have been properly reported and if applicable, approved.
15. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
16. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
17. All interfund and intra-entity transactions and balances have been properly classified and reported.
18. Special items and extraordinary items have been properly classified and reported.
19. Deposit and investment risks have been properly and fully disclosed.
20. Capital assets, including infrastructure assets and right-to-use assets, are properly capitalized, reported, and if applicable, depreciated or amortized.
21. All required supplementary information is measured and presented within the prescribed guidelines.
22. Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists, have been properly recorded, or if we are obligated in any manner, are disclosed.
23. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
24. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
25. We have a process to track the status of audit findings and recommendations.
26. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
27. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.

- d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 28. With respect to preparation of financial statements, preparation of schedule of expenditures of federal awards, maintaining lease amortizations, and preparation of data collection form, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained controls, including a process to monitor the system of internal control.
- 29. With regard to pensions and OPEB:
 - a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.
- 30. We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. These disclosures provide sufficient detail to enable users of financial statements to understand that nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
- 31. We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
- 32. We have reviewed, approved, and taken responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.

Information Provided

- 33. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, summaries of actions of recent meetings for which minutes have not yet been prepared, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence.
- 34. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 35. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 36. We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- 37. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
- 38. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant

the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.

39. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
40. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
41. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.
42. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
43. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
44. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
45. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
46. The City of Whitewater has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
47. We have disclosed to you all guarantees, whether written or oral, under which the City of Whitewater is contingently liable.
48. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
49. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
50. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
51. The City of Whitewater has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
52. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
53. Provisions for uncollectible receivables have been properly identified and recorded.
54. The City of Whitewater has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

55. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
56. The significant judgements made in making the accounting estimates have taken into account all relevant information of which we are aware.
57. We have consistently and appropriately selected and applied methods, assumptions, and data when making accounting estimates.
58. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.
59. With respect to the combining and individual general fund, nonmajor and component unit fund statements accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the combining and individual general fund, nonmajor and component unit fund statements in accordance with U.S. GAAP
60. With respect to management's discussion and analysis, the budgetary comparison information, Wisconsin Retirement System schedules, and Local Retiree Life Insurance schedules accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the management's discussion and analysis, the budgetary comparison information, Wisconsin Retirement System schedules, and Local Retiree Life Insurance schedules in accordance with U.S. GAAP.
 - b. We believe the management's discussion and analysis, the budgetary comparison information, Wisconsin Retirement System schedules, and Local Retiree Life Insurance schedules, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

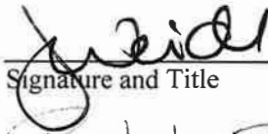
Single Audit

61. With respect to federal awards, we represent the following to you:
 - a. We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
 - b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - d. The methods of measurement or presentation have not changed from those used in the prior period.
 - e. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
 - f. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
 - g. We have notified you of federal awards and funding increments that were received before December 26, 2014 (if any) and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
 - h. When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.

- i. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- j. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- k. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- l. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- m. We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to period covered by the auditor's report.
- n. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- o. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- p. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- q. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- r. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- s. We have charged costs to federal awards in accordance with applicable cost principles.
- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- v. The reporting package does not contain personally identifiable information.
- w. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- x. We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
- y. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

In addition:

- z. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- aa. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
- bb. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

 City Manager
Signature and Title

 Director of FINANCE
Signature and Title

Client: **WHITEWATER - City of Whitewater**
Engagement: **2025 AUDIT - Whitewater**
Period Ending: **12/31/2025**
Trial Balance: **TB**
Workpaper: **3700.20 - Proposed Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Proposed Journal Entries				
Proposed Journal Entries JE # 4001				
To adjust sewer accrued interest				
620-62810-620	INTEREST ON DEBT	5300.20		
620-21010	ACCRUED INTEREST PAYABLE		6,225.67	
Total			<u>6,225.67</u>	<u>6,225.67</u>
Proposed Journal Entries JE # 4002				
To adjust accrued sick leave				
630-63300-120	EMPLOYEE BENEFITS-TOTAL	5200.20		
630-23810	ACCRUED SICK LEAVE		1,598.82	
Total			<u>1,598.82</u>	<u>1,598.82</u>
Proposed Journal Entries JE # 4003				
To allocate GASB 75 Life Insurance to Utilities				
610-19300	GASB 75-HEALTH DOR	5420.10	3,483.62	
610-39160	UNAPPROP EARNED SURPLUS		20,277.23	
610-61926-150	EMPLOYEE FRINGE BENEFITS		51.07	
620-19300	GASB 75-HEALTH DOR		4,095.36	
620-34300	SURPLUS/FUND BALANCE		23,838.05	
620-62820-120	EMPLOYEE BENEFITS		60.05	
630-19300	GASB 75-HEALTH DOR		11,064.64	
630-39160	SURPLUS/FUND BALANCE		64,404.37	
630-63300-120	EMPLOYEE BENEFITS-TOTAL		162.23	
GASB 18000 LRLIF	Net OPEB Asset (Liability) LRLIF		70,506.80	
GASB 24400 LRLIF	Deferred Inflows - LRLIF		56,929.82	
610-29040	GASB 75-HEALTH LIABILITY			13,174.41
610-29050	GASB 75-HEALTH DIR			10,637.51
620-29040	GASB 75-HEALTH LIABILITY			15,487.93
620-29050	GASB 75-HEALTH DIR			12,505.53
630-29040	GASB 75-HEALTH LIABILITY			41,844.46
630-29050	GASB 75-HEALTH DIR			33,786.78
GASB 18600 LRLIF	Deferred Outflows - LRLIF			18,643.62
GASB 38000	Unrestricted fund balance			108,519.65
GASB 58130	Expenditures - Public Works			273.35
Total			<u>254,873.24</u>	<u>254,873.24</u>
Proposed Journal Entries JE # 4004				
To remove duplicate items from AP				
920-21100	ACCOUNTS PAYABLE	5100.10	2,530.46	
920-56500-245	BUILDING MAINTENANCE			2,530.46
Total			<u>2,530.46</u>	<u>2,530.46</u>
Proposed Journal Entries JE # 4005				
To record government wide GASB 87 copier lease				
GASB 15200	GASB 87 - LEASE ASSET	4200D.05	62,897.56	
GASB 59110	Depreciation Expense - General Government		12,579.51	
GASB 15210	GASB 87 - ACCUMULATED DEPR			24,669.82
GASB 21600	GASB 87 - LEASE LIABILITY			39,224.98
GASB GG	General Government			11,582.27
Total			<u>75,477.07</u>	<u>75,477.07</u>
Proposed Journal Entries JE # 4006				
To record GASB 96 activity for cybersecurity software subscription				
GASB 15100	GASB 96 SBITA	3700.21	41,650.00	
GASB 59110	Depreciation Expense - General Government		14,280.00	
GASB 15910	GASB 96 Accumulated Amortization			30,940.00
GASB 38000	Unrestricted fund balance			24,990.00
Total			<u>55,930.00</u>	<u>55,930.00</u>
Proposed Journal Entries JE # 4007				
To record unpaid health insurance claims liability related to self-funded health insurance plan (would get allocated across expenditure accounts if recorded)				
100-51100-153	HEALTH INSURANCE		40,687.79	
100-16100	PREPAID HEALTH INSURANCE PREM			40,687.79
Total			<u>40,687.79</u>	<u>40,687.79</u>

Proposed Journal Entries JE # 4008

To adjust water depreciation to actual

610-61930-550	DEPRECIATION EXPENSE
610-19500	ACCUM PROV/DEPR/UTILITY PLT
Total	

Total Proposed Journal Entries

Total All Journal Entries

107,496.26	107,496.26
107,496.26	107,496.26
544,819.31	544,819.31
544,819.31	544,819.31

DO NOT RECORD THESE ENTRIES IN CIVIC.