

CITY OF LAKE GENEVA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2010

TABLE OF CONTENTS

	<u>Page</u>
<u>Government Reporting Awards through Evaluation Certificate of Commendation</u>	
Transmittal Letter	
Independent Auditors' Report	
Management's Discussion and Analysis - - - - -	i - vii
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets - - - - -	1
Statement of Activities - - - - -	2
Fund Financial Statements	
Balance Sheet – Governmental Funds - - - - -	3
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds - - - - -	4
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds - - - - -	5
Statement of Net Assets – Proprietary Funds - - - - -	6
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds - - - - -	7
Statement of Cash Flows – Proprietary Funds - - - - -	8
Statement of Net Assets – Fiduciary Funds - - - - -	9 - 10
Notes to Basic Financial Statements - - - - -	11 - 37
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund - - - - -	39 - 40
Notes to Required Supplementary Information - - - - -	41

TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds – Combining Balance Sheet -----	43
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balance -----	44

Deignan & Associates, P.C.

326 CENTER STREET · LAKE GENEVA, WI 53147 · PHONE: 262 248-6281 · FACSIMILE: 262 248-6088

J. WERNER DEIGNAN (1921-1989)
GEORGE J. CUCCIA
ARTHUR C. TILLMAN

CERTIFIED PUBLIC
ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Lake Geneva
Walworth County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the City of Lake Geneva as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lake Geneva's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of Oak Hill Cemetery, Downtown Lake Geneva Business Improvement District, or Lake Geneva Utility Commission. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Oak Hill Cemetery, Downtown Lake Geneva Business Improvement District, and Lake Geneva Utility Commission is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Geneva as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures including inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Geneva, Wisconsin basic financial statement. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Deignan & Associates, S.C.

DEIGNAN & ASSOCIATES, S.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lake Geneva, Wisconsin
May 9, 2011

**CITY OF LAKE GENEVA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

As management of the **City of Lake Geneva**, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Lake Geneva for the fiscal year ended December 31, 2010.

FINANCIAL HIGHLIGHTS

- Beginning cash and investments balance for the City of Lake Geneva was \$15,617,625. Ending cash and investments balance was \$16,646,276. Beginning cash and investments balance for Utility Commission was \$4,095,501. Ending cash and investments balance was \$3,496,003. Beginning cash and investments balance for the Business Improvement District was \$53,223. Ending cash and investments balance was \$40,333. Beginning cash and investments balance for the Cemetery (including Perpetual Care funds) was \$430,220. Ending cash and investments balance was \$464,299.
- Total General Fund debt payments (principal and interest) were in the amount of \$957,492, a decrease of \$50,524 from the prior year.
- The assets of the City of Lake Geneva (and its governmental blended component units) exceeded its liabilities at the close of 2010 by \$43,950,367 (*net assets*). Of this amount, \$8,875,988 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors. The assets of the Utility Commission exceeded its liabilities by \$28,453,384. Of this amount, \$557,826 is restricted to meet plant and equipment replacement requirements. The unrestricted amount is \$2,542,884.
- The City's total net assets decreased by \$1,454,784, due in large part by an increase in Accumulated Depreciation. Looking at this in another way, there was more depreciation expense than there were purchases of new assets. The Utility Commission's total net assets decreased by \$256,958 due in part to a net operating loss in the Sewer Utility.
- The General Fund had \$7,081,886 in revenue, which consisted of \$5,011,342 in property tax revenues. Expenditures for General Fund operations were \$7,712,510. Inter-fund transfers from the Parking Lots & Meters and Lakefront Funds were \$451,143 and \$327,356 respectively. These inter-fund transfers represent the budgeted transfer for support of General Fund operations. A one-time resolution provided that an additional \$75,000 would be added to the equity in both the Parking and Lakefront Funds and the resulting balance would be transferred to the General Fund at year end. This small increase in equity each year is meant to continue into future years, which ensures solvency and makes funds available in case of an emergency in these two special revenue areas.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,305,138, a decrease of \$551,031 from the prior year. Approximately 20% is available for spending at the government's discretion (*unreserved, undesignated fund balance*).

- At the end of the current fiscal year, the unreserved, undesignated fund balance for the general fund was \$2,105,588, which is 26.7% of its annual budget. In 2009, the unreserved, undesignated fund balance was \$1,900,895, which is 23.7% of its annual budget. The acceptable range of unreserved, undesignated fund balance is between 20% - 30%.
- Tax Increment District (IID) #4 revenues totaled \$2,704,003 and expenditures totaled \$3,360,484 in 2010. There was a project plan amendment approved for IID #4 in 2010.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government (administration, legal), public safety (Police, Fire and Emergency Government), streets and sanitation (DPW & Parks), economic development, and culture and recreation. The business-type activities of the City are in the component units, as discussed above, and include the Water Utility and the Wastewater Treatment Facility.

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

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

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 11 individual governmental funds. 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 debt service fund, the Tax Increment Financing District #4 and the capital projects funds; all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 (component units are excluded here), complying with Wisconsin Statute 65.90. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City reports only one kind of proprietary fund. Enterprise funds are used to report the same functions present as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Water Utility and the Wastewater Treatment Facility operations and they both are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City has two such funds, which are the Tax Collections and the Municipal Court Bond funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget to actual revenue and expenditure activity for the general fund and describes certain budgetary items as well.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Lake Geneva, the net assets are \$43,950,367 as of December 31, 2010. This represents a decrease over year-end 2009 figures of \$1,454,784. This is related to a large decrease in the total cost of infrastructure assets relative to the large increase in accumulated depreciation.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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 LAKE GENEVA'S NET ASSETS

	GOVERNMENT ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2010	2009	2010	2009	2010	2009
Current & Other Assets	\$ 19,582,542	\$ 20,049,850	\$ 4,434,351	\$ 5,125,434	\$ 24,016,893	\$ 25,175,284
Capital Assets	40,034,464	41,413,830	25,352,674	24,894,374	65,387,138	66,308,204
Total Assets	\$ 59,617,006	\$ 61,463,680	\$ 29,787,025	\$ 30,019,808	\$ 89,404,031	\$ 91,483,488
Long-Term Liabilities	\$ 5,556,518	\$ 6,060,948	\$ 100,941	\$ 63,124	\$ 5,657,459	\$ 6,124,072
Other Liabilities	10,110,121	9,997,581	1,232,700	1,246,342	11,342,821	11,243,923
Total Liabilities	\$ 15,666,639	\$ 16,058,529	\$ 1,333,641	\$ 1,309,466	\$ 17,000,280	\$ 17,367,995
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	\$ 34,955,173	\$ 36,543,332	\$ 25,352,674	\$ 24,894,374	\$ 60,307,847	\$ 61,437,706
Restricted	119,206	80,167	557,826	556,648	677,032	636,815
Unrestricted	8,875,988	8,781,652	2,542,884	3,259,320	11,418,872	12,040,972
Total Net Assets	\$ 43,950,367	\$ 45,405,151	\$ 28,453,384	\$ 28,710,342	\$ 72,403,751	\$ 74,115,493

A small portion of the City's net assets (0.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,418,872) may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase of \$1,178 in restricted net assets reported in connection with the City's business-type activities due to interest earnings. Bond ordinance and other requirements have restricted cash and investments of the sewer utility component unit for plant and equipment.

The government's total net assets decreased by \$1,711,742 during the current fiscal year. A large part of this decrease is attributable to the decrease in the book value of the infrastructure assets

Governmental Activities. Governmental activities decreased the City's net assets by \$1,454,784. Key elements of this decrease are as follows:

**CITY OF LAKE GENEVA
CHANGES IN NET ASSETS**

	Government Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,785,834	\$ 2,370,682	\$ 2,577,211	\$ 2,499,261	\$ 5,363,045	\$ 4,869,943
Op Grants & Contributions	277,768	226,600	-	-	277,768	226,600
Capital Grants & Contributions	973,750	953,592	143,974	74,194	1,117,724	1,027,786
General Revenues:						
Property Taxes	7,636,843	7,866,397	-	-	7,636,843	7,866,397
Other Taxes	1,439,944	1,468,254	-	-	1,439,944	1,468,254
Other General Revenues	758,554	691,376	34,566	68,102	793,120	759,478
Total Revenues	\$ 13,872,693	\$ 13,576,901	\$ 2,755,751	\$ 2,641,557	\$ 16,628,444	\$ 16,218,458
Expenses:						
General Government	\$ 2,666,337	\$ 3,000,130	\$ -	\$ -	2,666,337	3,000,130
Public Safety	4,151,769	4,168,507	-	-	4,151,769	4,168,507
Public Works	6,137,411	5,469,940	-	-	6,137,411	5,469,940
Health & Human Services	390,282	394,667	-	-	390,282	394,667
Culture, Recreation & Education	1,679,092	1,533,323	-	-	1,679,092	1,533,323
Conservation & Development	99,015	217,718	-	-	99,015	217,718
Interest/Issuance Costs on						
Long-Term Debt	203,571	236,415	-	-	203,571	236,415
Water	-	-	1,248,669	1,190,118	1,248,669	1,190,118
Sewer	-	-	1,497,713	1,520,081	1,497,713	1,520,081
Total Expenses	\$ 15,327,477	\$ 15,020,700	\$ 2,746,382	\$ 2,710,199	\$ 18,073,859	\$ 17,730,899
Increase (Decrease) in Net Assets						
Before Transfers	(1,454,784)	(1,443,799)	9,369	(68,642)	(1,445,415)	(1,512,441)
Transfers	-	-	(266,327)	(191,814)	(266,327)	(191,814)
Increase (Decrease) in Net Assets	(1,454,784)	(1,443,799)	(256,958)	(260,456)	(1,711,742)	(1,704,255)
Net Assets - 1/1/10	45,405,151	46,848,950	28,710,342	28,970,798	74,115,493	75,819,748
Net Assets - 12/31/10	\$ 43,950,367	\$ 45,405,151	\$ 28,453,384	\$ 28,710,342	\$ 72,403,751	\$ 74,115,493

The tax levy increased slightly. The mill rate (per \$1,000 of assessed value) increased from \$5.32 in 2009 to \$5.51 in 2010. Levy limits were again imposed by the State; the maximum increase allowed was the greater of 3% growth applied to the 2009 levy or net new construction percentage, which was 1.140%.

The TID tax increment also had an increase of \$160,970, due to the increase in equalized values of properties within the district.

Business-type activities. Business-type activities decreased the City's net assets by \$256,958. Key elements of this decrease are as follows:

Transfers (Tax Equivalent) to the City from the Water Utility increased 38% from \$191,814 in 2009 to \$266,327 in 2010.

Other general revenues decreased by 50% or \$33,536 due to falling interest rates.

Operating expenses increased by \$36,183 or 1%. Expenses for the water utility increased by \$58,551 and expenses for the sanitary sewer went down by \$22,368.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Lake Geneva uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's government funds reported combined ending fund balances of \$10,305,138, a decrease of 551,031 in comparison with the prior year. About one fifth, or 20% of this total amount \$2,051,693 constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of prior period, \$7,750,498, 2) to generate income to pay for the perpetual care of the cemetery, \$383,741, or 3) for a variety of other restricted purposes, \$119,206.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$2,105,588, while total fund balance reached \$2,386,254. As a measure of the general fund's liquidity it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 27% of total general fund expenditures, while total fund balance represents 31% of that same amount.

The fund balance of the City's general fund increased by \$150,065 during the current fiscal year. Key factors in this increase was higher than anticipated court and meter revenues and lower than anticipated health insurance claims.

Proprietary funds. The City of Lake Geneva's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Utility Commission at the end of the year amounted to \$2,542,884 or \$716,436 less than the prior year. The total net assets decreased by \$256,958, as stated previously. Other factors concerning the finances of the Utility Commission have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$211,112 increase in appropriations between the original and final amended budget. The following are the main components of the increase:

\$143,000 increase in appropriations for the Sheridan Spring property for utilities and asbestos abatement and demolition.

\$28,000 increase in appropriations in the Fire Department budget to cover retirement expenses and grant purchases.

\$14,000 increase in appropriation in the Emergency Management budget to fund grant purchases.

The increases were possible because of additional revenues of \$179,719 and the application of the contingency budget of \$50,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2010 declined by \$921,066 (net of accumulated depreciation). Investments in capital assets includes land, buildings and system improvements (including water and sewer), machinery and equipment, park facilities and roads, highways and bridges, which are considered infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$1,379,366 or 3.3%. The Water Utility increased their investment in capital assets by \$348,554 or 3%. The Wastewater Treatment Facility increased their investment in capital assets by \$109,746 or .8%.

Major capital asset events during the current fiscal year included the following:

- Police squad cars and equipment purchased totaling \$89,595.
- Police Dept. Phoenix Record System for \$197,351.
- New Ambulance for the Fire Dept for \$144,863.
- Meter Dept. Handheld automated ticket writers and software for \$38,000.
- Beach groomer purchased for \$31,886.
- IID street resurfacing done at a cost of \$477,174.
- Non-IID street resurfacing projects totaling \$144,863.
- Edwards Boulevard project was substantially completed for \$2,692,388.
- Utility line underground burial for \$90,796.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$5,079,291. This entire amount is considered debt backed by the full faith and credit of the government. At the end of 2009, the City had bonded debt outstanding of \$5,823,498.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the City of Lake Geneva is \$64,398,405, which is significantly in excess of the City's outstanding general obligation debt. The City has a policy which limits the amount to 4% of its total equalized valuation. That limitation is \$51,518,724 and still far exceeds the amount of outstanding general obligation debt of 5,079,291.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lake Geneva's finances for all those with an interest in the municipality's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, Dennis Jordan, at 262-248-3673 or by mail at 626 Geneva Street, Lake Geneva, WI 53147.

CITY OF LAKE GENEVA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government		Total
	Governmental Activities	Business Type Activities	
ASSETS			
Cash and investments	\$ 10,491,280	\$ 2,726,866	\$ 13,218,146
Receivables	8,758,243	1,046,953	9,805,196
Internal balances	192,003	(192,003)	-
Inventories		64,074	64,074
Prepaid expenses	124,206	3,565	127,771
Deferred charges	7,720	15,759	23,479
Bond issuance costs	9,090		9,090
Restricted assets:			
Cash and investments		769,137	769,137
Property held for future use		197,158	197,158
Capital assets not being depreciated	3,752,421	765,749	4,518,170
Capital assets being depreciated	36,282,043	24,389,767	60,671,810
Total Assets	<u>59,617,006</u>	<u>29,787,025</u>	<u>89,404,031</u>
LIABILITIES			
Accounts payable	649,746	91,702	741,448
Accrued payroll	176,861		176,861
Deposits	73,800		73,800
Unearned revenue	8,360,187	512,271	8,872,458
Accrued interest payable	65,227		65,227
Premium on bond issue	9,813		9,813
Liabilities payable from restricted assets		628,727	628,727
Noncurrent liabilities:			
Due within one year	774,487		774,487
Due in more than one year	4,304,804		4,304,804
Post employment benefits	1,086,551	70,112	1,156,663
Vested compensated absences	165,163	30,829	195,992
Total Liabilities	<u>15,666,639</u>	<u>1,333,641</u>	<u>17,000,280</u>
NET ASSETS			
Investment in capital assets, net of related debt	34,955,173	25,352,674	60,307,847
Restricted	119,206	557,826	677,032
Unrestricted	8,875,988	2,542,884	11,418,872
Total net assets	<u>43,950,367</u>	<u>28,453,384</u>	<u>72,403,751</u>
Total liabilities and net assets	<u>\$ 59,617,006</u>	<u>\$ 29,787,025</u>	<u>\$ 89,404,031</u>

See Accompanying Notes to Basic Financial Statements

CITY OF LAKE GENEVA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business Type Activities	
						Totals	Totals
Program Activities							
Governmental Activities							
General government	\$ 2,666,337	\$ 530,622	\$ 47,316	\$ -	\$ (2,088,399)	\$	(2,088,399)
Public safety	4,151,769	465,759	103,028	30,413	(3,552,569)		(3,552,569)
Public works	6,137,411	836,580	127,424	680,115	(4,493,292)		(4,493,292)
Health and human services	390,282	43,123		36,856	(310,303)		(310,303)
Culture, recreation and education	1,679,092	906,463		226,366	(546,263)		(546,263)
Conservation and development	99,015	3,287			(95,728)		(95,728)
Interest on long term debt	203,692				(203,692)		(203,692)
Amortization of bond issuance costs	(121)				121		121
Total governmental activities	15,327,477	2,785,834	277,768	973,750	(11,290,125)		(11,290,125)
Business-type activities							
Water Utility	1,248,669	1,373,844		134,870		260,045	260,045
Sanitary Sewer	1,497,713	1,203,367		9,104		(285,242)	(285,242)
Total Business-type activities	2,746,382	2,577,211	-	143,974		(25,197)	(25,197)
Total primary government	18,073,859	5,363,045	277,768	1,117,724	(11,290,125)	(25,197)	(11,315,322)
General revenues:							
Taxes							
Property taxes, levied for general purposes					4,256,199		4,256,199
Property taxes, levied for debt service					957,492		957,492
Property taxes, levied for TIF					2,061,152		2,061,152
Property taxes, levied for capital projects					362,000		362,000
Other taxes					1,439,944		1,439,944
Investment income					62,058	34,566	96,624
Special assessments					630		630
Loss on disposal of fixed assets					(12,514)		(12,514)
Sale of fixed assets					8,306		8,306
Miscellaneous					700,074		700,074
Transfers						(266,327)	(266,327)
Total General Revenue and Transfers					9,835,341	(231,761)	9,233,274
Change in Net Assets					(1,454,784)	(256,958)	(1,711,742)
Net Assets - Beginning of Year					45,405,151	28,710,342	74,115,493
Net Assets - End of Year					\$ 43,950,367	\$ 28,453,384	\$ 72,403,751

See Accompanying Notes to Basic Financial Statements.

CITY OF LAKE GENEVA
BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2010

<u>ASSETS AND OTHER DEBITS</u>		General Fund	Debt Service Fund	Capital Projects Tax Increment District 4	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds	
<u>ASSETS</u>								
Cash and investments	\$	1,152,042	\$	7,685,640	\$	533,426	\$	10,491,280
Taxes receivable		6,069,463		1,986,998				8,366,277
Accounts receivable		359,323		2,880				374,387
Delinquent personal property taxes		17,579						17,579
Special assessments		7,720						7,720
Due from other funds		2,312,012		12,223				3,401,910
Prepayments		119,206						124,206
Total Assets and Other Debits	\$	<u>10,037,345</u>	\$	<u>9,687,741</u>	\$	<u>533,426</u>	\$	<u>22,783,359</u>
<u>LIABILITIES</u>								
Accounts payable	\$	351,609		110,789	\$	102,617	\$	649,746
Accrued payroll		153,516						176,861
Due to other funds		1,075,558	53,895	1,737,794	269,358			3,209,907
Deferred revenue		6,062,688		1,986,998				8,360,187
Deposits								73,800
Deferred special assessments		7,720						7,720
Total Liabilities		<u>7,651,091</u>	<u>53,895</u>	<u>3,835,581</u>	<u>371,975</u>			<u>12,478,221</u>
<u>FUND EQUITY AND OTHER CREDITS</u>								
Fund Balances:								
Reserved for:								
Debt service								383,741
Perpetual care								119,206
Prepayments		119,206						
Unreserved								
Designated		161,460		5,852,160	161,451			7,750,498
Undesignated		2,105,588	(53,895)					2,051,693
Total Fund Equity and Other Credits		<u>2,386,254</u>	<u>(53,895)</u>	<u>5,852,160</u>	<u>161,451</u>			<u>10,305,138</u>
Total Liabilities, Fund Equity and Other Credits	\$	<u>10,037,345</u>	\$	<u>9,687,741</u>	\$	<u>533,426</u>	\$	<u>22,783,359</u>
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.								
Some liabilities, including long term debt, are not due and payable in the current period and therefore are not reported in the funds.								
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.								
Amortization of bond issuance costs and premiums are not reported in governmental funds								
Net Assets of Governmental Funds								
								\$ 43,950,367

See Accompanying Notes to Basic Financial Statements.

CITY OF LAKE GENEVA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Debt Service Fund	Capital Projects Tax Incremental District 4	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 5,011,342	\$ 957,492	\$ 2,061,152	\$ 362,000	\$ 684,800	\$ 9,076,786
Special assessments	630					630
Intergovernmental	1,011,406		2,560		237,553	1,251,519
Licenses and permits	292,413				18,827	311,240
Fines and forfeitures	206,314				94,319	300,633
Charges for services	317,274				1,640,799	1,958,073
Commercial	242,507		640,291	1,126	38,977	922,901
Total Revenues	7,081,886	957,492	2,704,003	363,126	2,715,275	13,821,782
EXPENDITURES						
Current:						
General government	2,255,328					2,255,328
Public safety	3,581,697					3,581,697
Public works	1,389,749				246,863	1,636,612
Health and human services	160,000				212,628	372,628
Culture, recreation and education	207,582				1,382,608	1,590,190
Conservation and development	99,015					99,015
Capital outlay	19,139		3,360,484	542,624	21,029	3,943,276
Debt service:						
Principal retirement		744,207				744,207
Interest		213,285				213,285
Total Expenditures	7,712,510	957,492	3,360,484	542,624	1,863,128	14,436,238
Excess of Revenues Over (Under) Expenditures	(630,624)	-	(656,481)	(179,498)	852,147	(614,456)
OTHER FINANCING SOURCES (USES)						
Realized and unrealized investment losses and fees, net of investment income					55,118	55,118
Sale of fixed assets	2,190			6,117		8,307
Operating transfers in	778,499		9,609		12,429	800,537
Operating transfers out					(800,537)	(800,537)
Total Other Financing Sources (Uses)	780,689	-	9,609	6,117	(732,990)	63,425
Net change in Fund Balances	150,065	-	(646,872)	(173,381)	119,157	(551,031)
Fund Balances - January 1, 2010	2,236,189	(53,895)	6,499,032	334,832	1,840,011	10,856,169
Fund Balances - December 31, 2010	\$ 2,386,254	\$ (53,895)	\$ 5,852,160	\$ 161,451	\$ 1,959,168	\$ 10,305,138

See Accompanying Notes to Basic Financial Statements.

CITY OF LAKE GENEVA

**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, 2010**

Net change in fund balances - total governmental funds \$ (551,031)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$4,766,923) exceeded capital outlays (\$3,400,070) in the current period

Depreciation expense (4,766,923)
Capital outlays 3,400,070

In the statement of activities, losses on the disposal of fixed assets are shown, whereas in the governmental funds only the proceeds on the disposal (if any) are shown. (12,514)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repaid 744,207

Vested employee benefits are reported in the governmental funds when amounts are paid. However, the statement of activities reports the amount earned during the year. 55,994

Accrued interest reported in the governmental funds are reported as expenditure when paid. However, in the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due. 9,593

Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premiums are shown in the statement of net assets and amortized over the life of the debt issue in the statement of activities. 1,636

Special assessments are recorded in the governmental funds as revenue when incurred. However they are recorded as revenue in the statement of net assets when paid. (8,250)

Post employment benefit obligations are reported in the governmental funds when amounts are paid. However, the statement of activities reports the amount earned during the year (326,051)

Debt issuance costs are reported in the governmental funds as expenditures when those amounts are paid. However, those costs are shown in the statement of net assets and amortized over the life of the debt issue in the statement of activities (1,515)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (1,454,784)

See Accompanying Notes to Basic Financial Statements.

CITY OF LAKE GENEVA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities		
	Enterprise Funds		
ASSETS	Water Utility	Sanitary Sewer	Totals Enterprise Funds
CURRENT ASSETS			
Cash and cash equivalents	\$ (215,350)	\$ 352,737	\$ 137,387
Temporary investments	1,342,115	1,247,364	2,589,479
Customer accounts receivable	212,420	264,181	476,601
Other accounts receivable	11,547	9,973	21,520
Prepaid expenses and deposits	3,565	-	3,565
Due from other funds	128,713	-	128,713
Inventories	64,074	-	64,074
Other deferred debits	15,407	352	15,759
Total Current Assets	<u>1,562,491</u>	<u>1,874,607</u>	<u>3,437,098</u>
NONCURRENT ASSETS			
Restricted assets - cash and cash equivalents			
Impact fees	100,416	110,895	211,311
Plant and equipment replacement	-	557,826	557,826
Special assessments	18,362	530,470	548,832
Capital Assets			
Land	131,241	634,508	765,749
Utility plant	17,662,542	19,924,692	37,587,234
Property held for future use	197,158	-	197,158
Accumulated depreciation	(5,776,064)	(7,421,403)	(13,197,467)
Total capital assets, net	<u>12,214,877</u>	<u>13,137,797</u>	<u>25,352,674</u>
Total Assets	<u>13,896,146</u>	<u>16,211,595</u>	<u>30,107,741</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	30,618	60,154	90,772
Due to other funds	295,243	25,473	320,716
Liabilities payable from restricted assets			
Customer advances for construction	138,364	490,363	628,727
Other current liabilities	930	-	930
Total current liabilities	<u>465,155</u>	<u>575,990</u>	<u>1,041,145</u>
NONCURRENT LIABILITIES			
Vested compensated absences	20,471	10,358	30,829
Other post employment benefits	36,682	33,430	70,112
Other deferred credits	70,412	441,859	512,271
Total noncurrent liabilities	<u>127,565</u>	<u>485,647</u>	<u>613,212</u>
Total liabilities	<u>592,720</u>	<u>1,061,637</u>	<u>1,654,357</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,214,877	13,137,797	25,352,674
Restricted	-	557,826	557,826
Unrestricted	1,088,549	1,454,335	2,542,884
Total net assets	<u>13,303,426</u>	<u>15,149,958</u>	<u>28,453,384</u>
Total Liabilities and Net Assets	<u>\$ 13,896,146</u>	<u>\$ 16,211,595</u>	<u>30,107,741</u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKE GENEVA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business Type Activities		
	Enterprise Funds		Total
	Water Utility	Sanitary Sewer	Enterprise Funds
OPERATING REVENUES	\$ 1,373,844	\$ 1,203,367	\$ 2,577,211
OPERATING EXPENSES			
Operation and maintenance	833,281	909,059	1,742,340
Depreciation	394,687	543,264	937,951
Taxes	20,701	22,701	43,402
Total Operating Expenses	1,248,669	1,475,024	2,723,693
Net Operating Income (Loss)	125,175	(271,657)	(146,482)
NONOPERATING REVENUES (EXPENSES)			
Investment income	16,326	18,240	34,566
Contribution to city library	-	(2,062)	(2,062)
Contribution to city museum development	-	(20,627)	(20,627)
Total Nonoperating Revenues (Expenses)	16,326	(4,449)	11,877
Income (loss) before contributions and transfers	141,501	(276,106)	(134,605)
Capital contributions	134,870	9,104	143,974
Tax equivalent transferred to City	(266,327)	-	(266,327)
Change in Net Assets	10,044	(267,002)	(256,958)
Net Assets - January 1, 2010	13,293,382	15,416,960	28,710,342
Net Assets - December 31, 2010	\$ 13,303,426	\$ 15,149,958	\$ 28,453,384

The accompanying notes are an integral part of the financial statements

CITY OF LAKE GENEVA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business Type Activities		Total Enterprise Funds
	Enterprise Funds		
	Water Utility	Sanitary Sewer	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and municipality	\$ 1,378,504	\$ 1,215,163	\$ 2,593,667
Payments to suppliers and municipality	(428,053)	(648,715)	(1,076,768)
Payments to employees	(383,428)	(294,809)	(678,237)
Net cash provided by operating activities	<u>567,023</u>	<u>271,639</u>	<u>838,662</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax equivalent paid to City of Lake Geneva	(239,503)	-	(239,503)
Net cash used for noncapital financing activities	<u>(239,503)</u>	<u>-</u>	<u>(239,503)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(645,911)	(624,769)	(1,270,680)
Contribution to city museum development	-	(20,627)	(20,627)
Contribution to city library	-	(2,062)	(2,062)
Special assessment collections	-	25,735	25,735
Capital contributions received	9,300	9,104	18,404
Customer advances for construction	11,574	4,434	16,008
Net cash used for capital and related financing activities	<u>(625,037)</u>	<u>(608,185)</u>	<u>(1,233,222)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	16,326	18,240	34,566
Purchase of long-term investments	(522,271)	(776,098)	(1,298,369)
Redemption of long-term investments	882,290	1,027,826	1,910,116
Net Cash Provided by Investing Activities	<u>376,345</u>	<u>269,968</u>	<u>646,313</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>78,828</u>	<u>(66,578)</u>	<u>12,250</u>
Cash at Beginning of Year	<u>384,928</u>	<u>1,823,919</u>	<u>2,208,847</u>
Cash at End of Year	<u>\$ 463,756</u>	<u>\$ 1,757,341</u>	<u>\$ 2,221,097</u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKE GENEVA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business Type Activities Enterprise Funds		Total Enterprise Funds
	Water Utility	Sanitary Sewer	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 125,175	\$ (271,657)	\$ (146,482)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	394,687	543,264	937,951
Depreciation charged to sewer department	28,241	(28,241)	-
Changes in operating assets and liabilities			
Customer and other accounts receivable	4,660	(22,148)	(17,488)
Receivable from municipality	(17,750)	8,471	(9,279)
Materials and supplies	8,548	-	8,548
Prepaid expenses	(2,959)	-	(2,959)
Other deferred debits	1,601	4,214	5,815
Accounts payable	8,118	7,327	15,445
Due to water utility	18,776	14,283	33,059
Other current liabilities	(1,482)	-	(1,482)
Accrued compensated absences	3,351	(590)	2,761
Other post employment benefits	18,341	16,715	35,056
Other deferred credits	(22,284)	1	(22,283)
Net Cash Provided by Operating Activities	<u>567,023</u>	<u>271,639</u>	<u>838,662</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS			
Cash and working funds reported in current assets	\$ (215,350)	\$ 352,737	\$ 137,387
Temporary cash investments reported in current assets	1,342,115	1,247,364	2,589,479
Cash and investments reported in restricted assets	100,416	668,721	769,137
Total cash and investments	<u>1,227,181</u>	<u>2,268,822</u>	<u>3,496,003</u>
Less: temporary cash investments reported in current assets but not categorized as cash equivalents	<u>(763,425)</u>	<u>(511,481)</u>	<u>(1,274,906)</u>
Cash and cash equivalents - end of year	<u>\$ 463,756</u>	<u>\$ 1,757,341</u>	<u>\$ 2,221,097</u>

Non-Cash Investing, Capital And Financing Activities

During 2010, capital additions of \$125,570 and \$0 for the water and sewer utilities, respectively, were contributed by developers. There were no contributions from developers during 2009.

The accompanying notes are an integral part of the financial statements

CITY OF LAKE GENEVA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Tax Collection Fund	Court Bond Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 6,610,301	\$ 49,327	\$ 6,659,628
Taxes receivable	19,777,264		19,777,264
	<u>26,387,565</u>	<u>49,327</u>	<u>26,436,892</u>
LIABILITIES			
Due to other governments	26,387,565		26,387,565
Court bonds held		49,327	49,327
	<u>26,387,565</u>	<u>49,327</u>	<u>26,436,892</u>
FUND BALANCES			
Reserved			
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 26,387,565</u>	<u>\$ 49,327</u>	<u>\$ 26,436,892</u>

CITY OF LAKE GENEVA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Lake Geneva conform to generally accepted accounting principles applicable to governmental units

A. Reporting Entity

This report includes all of the funds of the City of Lake Geneva (the "City"). The reporting entity 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 organizations fiscally dependent of the primary government. Blended component units, although legally separate entities, are, in substance, part of the governments operations and are reported with similar funds of the primary government.

Blended Component Units

The Lake Geneva Utility Commission

The Lake Geneva Utility Commission provides water and sewer service to properties within and around the City of Lake Geneva and is managed by a commission appointed by the City of Lake Geneva. The City's Mayor and two aldermen serve on the Commission. Five council members constitute a voting majority on the city council. This is presented as a proprietary fund type. The Utility Commission's financial statements have been presented as a blended entity in the basic financial statements.

Oak Hill Cemetery

The Oak Hill Cemetery Commission is responsible for the day-to-day operations of the City Cemetery. Operations are financed primarily through general property taxes from the City of Lake Geneva. A three-member commission (appointed by the City's Mayor) and a City council liaison member operates the Cemetery. This is presented as a governmental fund type. The Oak Hill Cemetery Commission's financial statements have been presented as a blended entity in the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Downtown Lake Geneva Business Improvement District

The Downtown Lake Geneva Business Improvement District (“BID”) was established to maintain and promote the area within its designated boundaries. The District finances its operations through assessments on the City’s tax levies. The City advances funds to the District when costs are in excess of available funds. This is presented as a governmental fund type. The Downtown Lake Geneva Business Improvement District financial statements have been presented as a blended entity in the basic financial statements.

B. Government-wide Financial Statements

“Government-wide” financial statements are basic financial statements required for all governmental units. The statement of net assets 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 or governmental activities. The definitions for these types of activities are discussed in other portions on Note 1.

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

Government-wide Financial Statements

The statement of net assets 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 expense 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 as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

Major Governmental Funds

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

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

Capital Improvements - Capital Projects Fund – Accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

Capital Projects Tax Increment District 4 Fund – Accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects within the City’s Tax Increment District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Major Enterprise Funds

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

Water Utility – Accounts for Operations of the Water System
Sanitary Sewer – Accounts for Operations of the Sewer System

The City reports the following nonmajor governmental funds:

Non-Major Governmental Funds

Special Revenue Funds – Used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes:

Parking Meters/Lots
Lakefront Operations
Cemetery Operations
Public Library
Business Improvement District

Capital Projects Funds – Used to account for the proceeds of debt and other sources for the acquisition or construction of equipment and/or capital facilities or improvements.

Impact Fees

In addition, the City reports the following fund types:

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City reports the Subsequent Years Tax Roll Collections and Municipal Court Funds as Agency Funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Government-Wide Financial Statements

The government-wide statement of net assets 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. 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 revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. 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 60 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 revenues. 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 the resources and the amounts are available. Amounts owed to the City which are not available, are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines 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 revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues 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 revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sanitary Sewer Utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Cash, Cash Equivalents, and Investments

Cash and investments also include amounts in non-interest and interest bearing deposits and local government pooled investment funds. They are stated at cost, which approximates fair value.

For purposes of the statement of cash flows, cash equivalents are temporary cash investments with a maturity of three months or less at the date of purchase. Cash and cash equivalents on the statement of cash flows include cash, investments, and restricted cash and investments presented on the balance sheet. For the cemetery perpetual care fund, cash and cash equivalents consist only of cash in checking.

E. Receivables

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes are levied on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units in the accompanying agency fund balance sheet.

Property tax calendar – 2010 tax roll

Levy date	December 2010
Real estate tax collection due dates:	
Payment in full or	January 31, 2011
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property taxes in full	January 31, 2011
Tax sale – 2010 delinquent real estate taxes	September, 2013

Accounts receivable have been shown net of an allowance for doubtful accounts. 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 in the accompanying enterprise fund financial statements because the utilities have the right by law to place delinquent bills on the tax roll.

During the course of operations, numerous transactions occur between individual funds and/or between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as due from/to other funds, component units, or primary government on the balance sheet as appropriate. See Note 10.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve to demonstrate that portion of fund equity is not available for appropriation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Budgetary Information

The City's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budgeted revenues and expenditures. Changes to appropriations authorized in the original budget generally require a vote of two-thirds of the entire membership of the governing body. Management control of the budgetary process has been established at the departmental level of expenditure. A department can be a fund, cost center, program, or other activity for which control of expenditures is considered desirable.

G. Inventories

Inventory of the water and sewer utility is generally used in the operation and maintenance of the utility. The inventories are valued at cost (first-in, first-out method), which is not in excess of market value. In governmental funds, inventory items such as materials and supplies, are accounted for under the purchases method, which provides that expenditures are recognized when the inventory item is purchased.

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.

H. 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 \$1,000 and an estimated useful life in excess of three years. 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.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Depreciation of all depreciable fixed assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 Years
Land Improvements	10-50 Years
Machinery and Equipment	5-50 Years
Furniture and Fixtures	5-15 Years
Infrastructure	5-40 Years

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

I. Equity Classifications

Government-wide Statements

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

Invested in Capital Assets, Net of Related Debt – 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, reduced by unexpended debt proceeds.

Restricted Net Assets – Consists of net assets with constraints placed on the 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.

Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of the unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties or City resolutions or ordinances. Current liabilities payable from these restricted assets are so classified.

K. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary type financial statements, debt issuance costs are deferred and amortized over the term of the debt.

L. Long-Term Obligations

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 bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face-value of debts is reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

M. Claims and Judgments

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

N. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Assets

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, rather it is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Bonds and notes payable	\$ 5,079,291
Amortization of bond issuance costs and premiums	723
Compensated absences	165,163
Deferred special assessments	(7,720)
Post employment benefits	1,086,551
Accrued interest payable	<u>65,227</u>
Combined Adjustment for Long-term Liabilities	<u>\$ 6,389,235</u>

NOTE 2 - CASH AND INVESTMENTS

State statutes restrict investment of City funds. Permitted investments for the City include any of the following.

Time deposits maturing within three years in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to do business in Wisconsin;

Bonds or securities issued or guaranteed as to principle and interest by the federal government or by a commission, or board, or other instrumentality of the federal government;

The local government pooled investment fund as established under Section 25 50 of the Wisconsin Statutes;

Bonds or securities of any county, city, drainage district, technical college district, city, town, or school district of this state;

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 which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by a nationally recognized rating agency or if that security is senior to, or on parity with, a security of the same issuer which has such a rating;

Repurchase agreements with public depositories, if federal bonds or securities secure the agreement;

Securities of open-end management companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds or securities issued by the federal government or a commission, board or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds and securities.

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Bonds issued by a local exposition district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority;

Bonds or securities issued under the authority of the municipality, whether the bonds or securities create a general municipal liability or a liability of the property owners of the municipality for special improvements, and may sell or hypothecate these bonds or securities;

Bonds issued by a local professional baseball park district or local professional football stadium district;

Bonds issued by a local cultural arts district.

Securities of an open-end management investment company or investment trust, subject to various conditions and investment options,

Repurchase agreements with public depositories, with certain conditions.

The City's deposits and investments at year end were comprised as follows:

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 3,427,213	\$ 3,113,979	Custodial credit risk
LGIP	12,917,496	12,917,496	Credit risk, Interest rate risk
Library Money Market	3,558	3,558	Credit risk, Interest rate risk
Library Stocks and Mutual Funds	295,159	295,159	Credit risk, Interest rate risk
Petty Cash	2,850	-	Not applicable
Total Deposits and Investments	<u>\$ 16,646,276</u>	<u>\$ 16,330,192</u>	

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000 per bank for demand deposits and \$250,000 per bank for time and saving deposits. Non-interest bearing accounts have unlimited coverage from the FDIC through December 31, 2012. The City also utilizes Certificate of Deposit Account Registry Service (CDARS) to minimize their exposure to credit risk. By investing in CDARS, the City is able to insure interest bearing monies invested in CDARS are covered fully with FDIC Insurance. All City investments are insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses of the pool may not be significant to individual municipalities. This investment insurance coverage applies to the City's total investments, except for its legally separate component units, who are provided with their own FDIC insurance.

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

The Wisconsin Local Governmental Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. 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. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2010, the fair value of the City's share of LGIP assets was substantially equal to the amount reported above.

Investment of library trust funds is regulated by Section 112.10 of the Wisconsin Statutes. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures. Library investments identified in the investment schedule are protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including up to \$100,000 in cash in the event of the firm's liquidation.

Uninsured deposits at certain times during the year exceed the year-end uninsured balance due primarily to the collection and deposit of taxes prior to settlement with the overlying taxing districts. There were no investments made during the year of a type that were not owned by the City at year end. The City had uninsured deposits totaling \$1,167,880 at December 31, 2010.

As of December 31, 2010, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Money Market Fund	\$ 3,558
Stocks	45,041
Mutual Funds	250,118
Local Government Investment Pool	<u>12,917,496</u>
Total Fair Value of Investments	
Subject to Interest Rate Risk	<u>\$13,216,213</u>

The City had investments in the following external pool which is not rated: LGIP

In addition, the City's Library also held investments in U.S. securities that were not rated

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

As of December 31, 2010 the City’s investments that were rated are described as follows:

<u>Investment Type</u>	<u>Investment</u>	<u>Morningstar Rating</u>
Library Fund Mutual Funds	DFA Global 5 Year Fixed Income	3 Stars
	Vanguard Total Int; Stock Index	4 Stars
	Vanguard Short Term Bond Index	4 Stars
	DFA One Year Fixed Income	4 Stars
	DFA US Micro Cap I	3 Stars
	DFA US Small Cap Value I	3 Stars
	DFA Emerging Markets Core Equity I	4 Stars
	DFA US Large Cap Value I	3 Stars
Library Fund Stocks	iShares S&P MidCap 400 Value Fund	Unavailable
	iShares S&P 500 Index	Unavailable
	iShares Barclays Tips Bond Fund	Unavailable
	Spdr Dow Jones Reit EFT	Unavailable

Cash and investments are reported in the financial statements as follows:

Unrestricted cash and investments	
Primary government	\$ 13,218,146
Restricted cash and investments	769,137
Fiduciary Funds	<u>6,659,628</u>
 Total Cash and Investments	 <u><u>\$ 20,646,911</u></u>

Custodial Risk – Deposits: Is the risk that, in the event of a financial institution failure, the City’s deposits may not be returned to the City.

Custodial Risk – Investments: Is the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party

Interest Rate Risk: Is the risk of fair value losses arising from rising interest rates

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

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

	City Government	Lake Geneva Utility Commission	Business Improvement District	Oak Hill Cemetery	Total	Risk
Petty Cash	\$ 2,850	\$ 700	\$ -	\$ -	\$ 3,550	
Deposits						
Demand Deposits	80,114	116,745	40,333	80,752	317,944	A
Time and Saving Deposits	3,347,099	1,294,849	-	-	4,641,948	A
Total Deposits	<u>3,430,063</u>	<u>1,412,294</u>	<u>40,333</u>	<u>80,752</u>	<u>4,963,442</u>	
Investments						
Money Market	3,558	-	-	-	3,558	B
Stocks	45,041	-	-	-	45,041	B
Mutual Funds	250,118	-	-	383,547	633,665	B
Local Government Investment Pool	<u>12,917,496</u>	<u>2,083,709</u>	<u>-</u>	<u>-</u>	<u>15,001,205</u>	B
Total Investments	<u>13,216,213</u>	<u>2,083,709</u>	<u>-</u>	<u>383,547</u>	<u>15,683,469</u>	
Total Cash and Investments	<u>\$ 16,646,276</u>	<u>\$ 3,496,003</u>	<u>\$ 40,333</u>	<u>\$ 464,299</u>	<u>\$ 20,646,911</u>	

A = Custodial Risk

B = Interest Rate and Credit Risk

Concentration of Credit Risk

As of December 31, 2010, the City's investments had the following significant concentrations:

<u>Investment Type</u>	<u>Concentration %</u>
Local Government Investment Pool	97.74%

Oak Hill Cemetery Commission

The cash balances of the Cemetery during the year ended December 31, 2010 consisted of deposits at a local banking institution. The balances in the Cemetery's checking accounts at December 31, 2010 were fully insured by the FDIC.

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Summary information of the cemetery checking accounts follows:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Cemetery Operations	\$ 82,156	\$ 80,558
Perpetual Care Fund	1,294	194
Total Cash in Checking Accounts	<u>\$ 83,450</u>	<u>\$ 80,752</u>

The Cemetery's investments at December 31, 2010 consisted of the following.

	<u>Cost Basis</u>	<u>Fair Value</u>
Mutual funds	\$ 383,950	\$ 383,547
Total investments	<u>\$ 383,950</u>	<u>\$ 383,547</u>

Lake Geneva Utility Commission

Summary information of the Utility Commission cash and investment accounts follows:

	<u>Carrying Amount</u>	<u>Amounts Deposited</u>
Checking account	\$ 116,745	\$ 118,490
Saving accounts, interest-bearing checking accounts and CD's	<u>1,294,849</u>	<u>1,294,849</u>
Subtotal	1,411,594	<u>\$ 1,413,339</u>
State Local Government Investment Pool	2,083,709	
Petty Cash	700	
Totals	<u>\$ 3,496,003</u>	

NOTE 3 - RESTRICTED ASSETS

Bond ordinance and other requirements have restricted cash and investments of the utility commission component unit. Cash and investments have been restricted for the following purposes.

	Water Utility	Sewer Utility	Totals
Plant and equipment replacement	\$ -	\$ 557,826	\$ 557,826
Impact fees	100,416	110,895	211,311
Totals	<u>\$ 100,416</u>	<u>\$ 668,721</u>	<u>\$ 769,137</u>

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows.

	Balance 1/1/10	Additions	Disposals	Balance 12/31/10
<u>Governmental Activities</u>				
Land and land improvements	\$ 3,752,421	\$ -	\$ -	3,752,421
Construction in progress	397,246		(397,246)	-
Buildings	11,421,059	195,493		11,616,552
Machinery and equipment	8,387,093	614,558	(169,700)	8,831,951
Furniture and fixtures	454,048			454,048
Infrastructure	77,224,801	2,987,265		80,212,066
	<u>101,636,668</u>	<u>3,797,316</u>	<u>(566,946)</u>	<u>104,867,038</u>
Less: Accumulated Depr.	<u>(60,222,838)</u>	<u>(4,766,923)</u>	<u>157,187</u>	<u>(64,832,574)</u>
Governmental Activities Net Capital Assets	<u>\$ 41,413,830</u>			<u>\$ 40,034,464</u>

Depreciation expense was charged to functions as follows:

<u>Governmental Activities</u>	
General Government	\$ 335,244
Public Safety	435,043
Health and Human Services	17,654
Public Works, which includes the depreciation of infrastructure	3,890,080
Education and recreation	88,902
Total Governmental Activities Depreciation Expense	<u>\$ 4,766,923</u>

NOTE 5 - PROPRIETARY FUNDS – CAPITAL ASSETS

The following summarizes the capital assets and accumulated depreciation of the Utility Commission at December 31, 2010 and 2009.

Water Utility	Balance 12/31/2009	Increases	Decreases	Balance 12/31/2010
Capital assets, not being depreciated:				
Land and land rights	\$ 131,241	\$ -	\$ -	\$ 131,241
Capital assets, being depreciated:				
Source of supply plant	575,669			575,669
Pumping plant	1,243,095	5,846		1,248,941
Water treatment plant	761,239			761,239
Transmission and distribution plant	13,027,003	611,021	(85,390)	13,552,634
General plant	1,369,444	154,615		1,524,059
Total Capital Assets Being Depreciated	16,976,450	771,482	(85,390)	17,662,542
Less: accumulated depreciation	(5,438,526)	(422,928)	85,390	(5,776,064)
Total Capital Assets, Being Depreciated, Net	11,537,924	348,554	-	11,886,478
Net Water Utility Plant	<u>\$ 11,669,165</u>	<u>\$ 348,554</u>	<u>\$ -</u>	<u>\$ 12,017,719</u>

Sewer Utility	Balance 12/31/2009	Increases	Decreases	Balance 12/31/2010
Capital assets, not being depreciated:				
Land and land rights	\$ 634,508	\$ -	\$ -	\$ 634,508
Capital assets, being depreciated:				
Buildings and structures	6,202,245			6,202,245
Collection system	7,496,355	421,133		7,917,488
Treatment and disposal plant	4,807,959	51,162		4,859,121
Transportation equipment	87,408	10,466		97,874
General plant	710,956	142,008	(5,000)	847,964
Total Capital Assets Being Depreciated	19,304,923	624,769	(5,000)	19,924,692
Less: accumulated depreciation	(6,911,380)	(515,023)	5,000	(7,421,403)
Total Capital Assets, Being Depreciated, Net	12,393,543	109,746	-	12,503,289
Net Sewer Utility Plant	<u>\$ 13,028,051</u>	<u>\$ 109,746</u>	<u>\$ -</u>	<u>\$ 13,137,797</u>

NOTE 6 - EMPLOYEES' PENSIONS

All eligible city employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing, multiple-employer, defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees are required by statute to contribute 5.0 percent of their salary (3.2 percent for executives and elected officials, 5.5 percent for protective occupations with social security and 3.9 percent for protective occupations without social security) to the plan. The City pays these contributions to the plan as a benefit to the employees. Employers are required to contribute the remaining amounts necessary to fund the projected cost of future benefits.

The payroll for employees covered by the WRS for the year ended December 31, 2010 was \$4,478,411; the employer's total payroll was \$4,763,814. The total required contribution for the year ended December 31, 2010 was \$546,949, which consisted of \$283,736; or 6.3 percent of the payroll from the employer and \$263,213; or 5.9 percent of the payroll, from the employees. Total contributions for the years ending December 31, 2009 and 2008 were \$495,283 and \$467,075, respectively, equal to the required contributions for each year. These figures include the Cemetery, Library, and Water and Sewer Utilities.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6 percent (4.0 percent for executives, elected officials and protective occupations with social security, 2.4 percent for protective occupations without social security) of final average earnings for each year of creditable service. Final average earnings are the average of the three highest years of an employee's earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation after January 1, 1990, and no longer 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 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report, which may be obtained by writing to the Department of Employee Trust Funds, PO Box 7931, Madison, WI 53707-7931.

NOTE 7 - CURRENT AND CAPITAL OUTLAY EXPENDITURES

Substantially all capital outlay expenditures are recorded in the capital projects funds of the City. Most amounts reported in the general fund are for current purposes.

NOTE 8 - LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
Bonds and notes payable					
General obligation debt					
Promissory notes and bonds	\$ 1,215,000	\$ -	\$ 290,000	\$ 925,000	\$ 295,000
Alliant Energy loan	28,498		9,207	19,291	9,487
Refunding bonds	4,580,000	-	445,000	4,135,000	470,000
Total general obligation debt	5,823,498		744,207	5,079,291	\$ 774,487
Other liabilities					
Compensated absences	221,157		55,994	165,163	
Post employment benefits	760,500	426,127	100,076	1,086,551	
Total other liabilities	981,657	426,127	156,070	1,251,714	
Total governmental activities long-term liabilities	\$ 6,805,155	\$ 426,127	\$ 900,277	\$ 6,331,005	
Business-type activities					
Compensated activities	\$ 28,068	\$ 2,761		\$ 30,829	
Post employment benefits	35,056	35,056	-	70,112	
Total business-type activities long-term liabilities	\$ 63,124	\$ 37,817	\$ -	\$ 100,941	\$ -

Outstanding general obligation debt of the governmental activities was comprised of the following issues at December 31, 2010.

Issue	Date of Issue	Interest Rate %	Maturity Date	Original Principal	Outstanding Principal 12/31/2010
<u>General obligation debt</u>					
2006 refunding bonds	12/11/06	4 00	3/1/16	4,390,000	4,135,000
2003 promissory note	12/18/03	2 50 - 3 60	3/1/13	2,040,000	925,000
2008 Alliant Energy loan	1/1/08	3 00	12/31/12	46,105	19,291
Total general obligation debt					\$ 5,079,291

General obligation annual debt service requirements to maturity are as follows:

Year	Governmental Activities	
	Principal	Interest
2011	\$ 774,487	\$ 183,765
2012	804,804	153,969
2013	825,000	122,850
2014	855,000	89,900
2015	890,000	55,000
2016	930,000	18,600
	\$ 5,079,291	\$ 624,084

NOTE 8 - LONG-TERM DEBT - CONTINUED

Conduit Debt

There is one local company that has outstanding industrial revenue bonds issued in association with the City of Lake Geneva. The City's full faith and credit do not back these bonds and the City has no obligation for debt repayment. The total principal amount at December 31, 2010 was:

\$ 1,357,585

Margin of Indebtedness

Section 67.03 of the Wisconsin Statutes restricts the City's general obligation debt to 5% of the equalized value of all property in the City. This amount is compared below with the outstanding debt on December 31, 2010.

Equalized Value - 2010	<u>\$1,287,968,100</u>
Margin of Indebtedness:	
5% of Equalized Value	<u>64,398,405</u>
Outstanding General Obligation Debt - December 31, 2010	<u>5,079,291</u>
Margin of Indebtedness	<u>\$ 59,320,114</u>

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

The City implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension for the fiscal year ended June 30, 2010. This implementation allows the City to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description. The City operates a single-employer retiree benefit plan that provides postemployment health and dental benefits to eligible employees and their spouses. There are 73 active and 6 retired members in the plan as of December 31, 2010. Benefits and eligibility for employees are established and amended through collective bargaining with the recognized bargaining agent for each group; and include postemployment health and dental coverage. Benefits and eligibility for administrators and general support staff are established and amended by the governing body.

Funding Policy. Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payments of future benefits. The general fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Annual OPEB Cost and Net OPEB Obligation. The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City’s net OPEB obligation

	Government Activities
Annual required contribution	\$ 384,299
Interest on net OPEB	41,828
Annual OPEB cost (expense)	426,127
Adjustments	-
Contributions made	100,076
Change in net OPEB obligation	326,051
OPEB obligation - beginning of year	760,500
OPEB obligation - end of year	1,086,551

The City’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding two year’s were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 384,299	26.0%	\$ 1,086,551
12/31/2009	\$ 384,299	0.0%	\$ 760,500
12/31/2008	\$ 384,299	35.90%	\$ 246,232

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, for the period January 1, 2008 through December 31, 2008 the City’s unfunded actuarial accrued liability (UAAL) was \$3,081,962.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions. Projections of benefits reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effort of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, the unprojected unit credit actuarial cost method was used. The actuarial assumptions included a rate of 5.5% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10% for medical and 5.0% for dental, reduced by decrements to a rate of 5% for medical after 5 years. Mortality, disability and retirement rates are from the Wisconsin Retirement System 2000-2002 Experience Study for public schools. The UAAL is being amortized as a level percentage of projected payrolls. The remaining amortization period at December 31, 2010 was 27 years.

NOTE 10 - COMPENSATED ABSENCES

City employees earn vacation time in varying amounts and it must be used by year end. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Management has determined that no material amounts of accumulated vacation time at year end will be liquidated with expendable available resources. The amount of accumulated vacation time at December 31, 2010 that has been recorded as a general long-term obligation is \$2,520 due to special request for carryover.

City employees also earn sick leave in varying amounts. Under certain circumstances, employees may receive a partial reimbursement for sick leave or apply the amount to the cost of health insurance coverage. At December 31, 2010, estimated sick leave termination benefits of \$121,473 have been recorded as a general long-term obligation. City employees also earn comp time in varying amounts. At December 31, 2010, comp time benefits of \$41,170 have been recorded as a long-term liability.

Accumulated vacation and sick pay benefits for employees of the Utility Commission's funds are recorded as a liability directly in those funds as employees earn these benefits. The Utility commission recorded \$30,829 and \$28,068, respectively, for sewer and water accrued vacation and sick pay at December 31, 2010 and 2009.

Liabilities for compensated absences are determined based upon salary and wage levels in effect as of December 31, 2010. Included in these liabilities are the City's share of payroll taxes and retirement plan contributions.

NOTE 11 - TAX INCREMENTAL DISTRICT

On September 11, 1995, the City established Tax Incremental District No. 4 pursuant to a law enacted to provide a process by which local units of government could finance public works or improvements in blighted areas from taxes levied by county, city, schools, and other local jurisdictions based on the increase in property values within a designated geographic area. When a tax incremental district is established, the state determines the aggregate value of taxable property located within the district (the base value). Taxes derived from levies by all local jurisdictions on property values exceeding the base value (tax increment) determined by the state are allocated to the city for financing improvements within the district. Tax increments generated will be allocated to the City's TIF fund until project costs for the district are recovered or until the legal termination date of the TIF Fund on September 11, 2025 for TIF #4. The recovery of the above costs is subject to sufficient increments being generated in the district before the end of the life of the district.

NOTE 12 – DUE FROM/TO OTHER FUNDS AND COMPONENT UNITS

DUE TO/DUE FROM OTHER FUNDS AND BLENDED COMPONENT UNITS

The following is a schedule of interfund receivables (due to) and payables (due from):

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Governmental Funds		
General Fund	Tax Increment District 4	\$ 1,737,794
General Fund	Capital Projects	269,358
Tax Agency Fund	General Fund	6,097,612
General Fund	Debt Service	53,895
Lakefront Operations	General Fund	616,485
Parking Meters	General Fund	454,290
General Fund	Impact Fee Fund	56,251
Library Fund	General Fund	4,783
Tax Incremental District #4	Lakefront Operations	12,223
Library Fund	Impact Fee Fund	1,995
Lakefront Operations	Parking Meters	122
		<u>9,304,808</u>
Enterprise Funds		
General Fund	Water Utility	192,003
		<u>192,003</u>
Total Interfund Receivables		<u>\$ 9,496,811</u>

NOTE 12 – DUE FROM/TO OTHER FUNDS AND COMPONENT UNITS - CONTINUED

The following is a schedule of interfund transfers:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
General Fund	Lakefront Operations	\$ 327,356
General Fund	Parking Meters	451,143
Tax Increment District #4	Lakefront Operations	9,609
Cemetery	Cemetery Perpetual Care	12,429
		<hr/>
Total Interfund Transfers		<u>\$ 800,537</u>

NOTE 13 - RISK MANAGEMENT

The City has purchased commercial insurance policies for various risks of loss related to litigation, theft, damage, or destruction of assets, errors or omissions, workers compensation, or acts of God. Payments of premiums for these policies are recorded as expenditures or expenses in the various funds of the City. There were no settlements that exceeded insurance coverage in any of the past three years. The City is self-insured for medical coverage for employees at December 31, 2010.

The City is also exposed to risks of loss related to medical expenses. In 2003 the City initiated a plan whereas the City pays the first \$30,000 of claims per employee/dependent in most cases, including retirees, and purchases a health insurance liability plan for any claims over this initial payout. An outside administrator administers both the insured and uninsured claims.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

The City has agreed to provide health benefits to employees who have been employed by the city for more 20 years. The coverage applies to those employees who retire after age 55 and ends 3 months after reaching the age of 62. The City finances the plan on a pay-as-you go basis. For the year ended December 31, 2010, there were 6 retirees receiving these benefits. Claims paid during 2010 amounted to \$131,770.

NOTE 15 - EXCESS EXPENDITURES OVER BUDGETS

The were no departments or individual funds which had expenditures in excess of their appropriations for 2010.

NOTE 16 - DESIGNATED AND RESERVED FUND EQUITY

The fund balance of the general fund has been reserved at December 31, 2010 for the following:

Prepayments	\$ 119,206
-------------	------------

The fund balance of the debt service fund, if positive, is reserved for future debt service payments.

The fund balance of the general fund has been designated for the following purposes.

Parks	\$ 45,973
Emergency medical services	19,522
Historic preservation	742
Fire donations	9,763
Police donations	8,194
Police Vests	4,060
Post employment benefits	57,541
Fire CPR	1,591
Police clothing	3,520
Police state seizures	2,110
Police Grants	7,300
Police 1033 program	1,144
	<u>\$ 161,460</u>

The fund balance of the special revenue fund is designated for the following purposes.

Parking meters/lots fund	\$ 450,000
Lakefront operations	450,000
Lakefront - West Pier	63,960
Business Improvement District	18,934
Cemetery operations	72,211
Library	297,113
	<u>\$ 1,352,218</u>

NOTE 16 - DESIGNATED AND RESERVED FUND EQUITY

The fund balance of the capital projects funds is designated for the following purposes.

Tax Incremental Financing District Projects	\$ 5,852,160
General Capital Projects	67,219
Impact Fees	223,309
Fire Truck	94,232
	<u>\$ 6,236,920</u>

NOTE 18 - LITIGATION AND CONTINGENCIES

The City is involved in several litigation cases at December 31, 2010. The City's insurance policy would cover up to \$5 million per incident. It is unknown what the outcome of these cases will be. If the settlement, in the event of an unfavorable judgment, exceeds the insurance coverage it is unclear how the remaining judgment would be paid. As shown in Note 8, the City has a margin of indebtedness of \$59,320,114, which could be borrowed to pay the remaining judgment.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 9, 2011, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. As of May 9, 2011, there were no subsequent events to disclose.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE GENEVA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
REVENUES				
General Property Taxes	\$ 4,256,199	\$ 4,256,199	\$ 4,256,199	\$ -
Other General Revenue	1,820,492	1,820,492	1,882,977	62,485
Municipal Court	186,900	192,638	209,713	17,075
Police	147,685	147,685	181,066	33,381
Fire	327,200	356,875	380,096	23,221
Building Inspection and Zoning	115,000	115,000	123,277	8,277
Emergency Management Services	-	14,642	14,642	-
Street Department	1,500	1,500	3,521	2,021
Snow and Ice	2,000	18,000	18,993	993
Tree and Brush	-	-	1,240	1,240
Traffic Control	3,000	3,000	4,615	1,615
Parks	2,800	2,800	4,450	1,650
Public Services	400	400	3,287	2,887
Total Revenues	<u>6,863,176</u>	<u>6,929,231</u>	<u>7,084,076</u>	<u>154,845</u>
EXPENDITURES				
General Expense	100,800	97,800	110,546	(12,746)
General Insurance	164,950	164,950	167,005	(2,055)
Benefit Insurance	1,004,300	1,004,300	984,074	20,226
Council	39,215	39,215	35,152	4,063
Municipal Court	110,460	113,808	112,905	903
City Attorney	77,512	77,512	77,304	208
Outside Legal	5,000	7,390	7,390	-
Mayor	7,200	7,200	6,951	249
City Administrator	112,163	112,163	111,484	679
City Clerk	139,149	140,572	127,491	13,081
Accounting and IT	202,526	204,526	165,902	38,624
City Treasurer	24,294	24,294	21,016	3,278
City Assessor	75,986	75,986	69,994	5,992
City Hall Maintenance	172,860	172,860	160,395	12,465
Sheridan Springs Property	-	143,000	97,721	45,279
Police	2,469,421	2,469,421	2,460,223	9,198
Fire	696,056	724,491	723,570	921
Hydrant Rental	226,809	228,049	228,048	1
Building Inspection and Zoning	143,111	143,111	143,018	93
Emergency Government	32,993	47,635	45,976	1,659

Cont'd

See Accompanying Notes to Basic Financial Statements

CITY OF LAKE GENEVA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
EXPENDITURES - Continued				
City Engineering	11,000	11,000	8,352	2,648
Streets	612,614	581,248	573,085	8,163
Snow and Ice	110,380	128,915	126,741	2,174
Tree and Brush	86,480	61,630	50,462	11,168
Composting	50,110	73,190	73,190	-
Storm Sewer	18,940	30,335	30,334	1
Traffic Control	117,360	135,360	133,393	1,967
Sanitation and Recycling	395,175	395,175	394,191	984
Museum	30,400	30,400	27,409	2,991
Parks	103,700	103,700	101,460	2,240
Vet's Park	30,062	32,902	32,898	4
Plan Commission	4,110	4,110	2,243	1,867
Conservation and Development	307,720	307,720	302,587	5,133
Total Expenditures	<u>7,682,856</u>	<u>7,893,968</u>	<u>7,712,510</u>	<u>181,458</u>
Excess Revenues Over (Under) Expenditures	<u>(819,680)</u>	<u>(964,737)</u>	<u>(628,434)</u>	<u>336,303</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	819,680	819,680	778,499	(41,181)
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>819,680</u>	<u>819,680</u>	<u>778,499</u>	<u>(41,181)</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (145,057)</u>	150,065	<u>\$ 295,122</u>
Fund Balances - January 1, 2010			<u>2,236,189</u>	
Fund Balances - December 31, 2010			<u>\$ 2,386,254</u>	

See Accompanying Notes to Basic Financial Statements

**CITY OF LAKE GENEVA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010**

NOTE 1 – BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in the notes to the financial statements.

A budget has been adopted for all funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments. Certain transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Budgets are adopted at the cost center/program level for all funds.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**CITY OF LAKE GENEVA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Special Revenue Funds					Permanent	Capital Projects		
	Parking Meters/Lots	Lakefront Operations	Public Library	Business Improvement District	Cemetery Operations			Total	Cemetery Perpetual Care
ASSETS									
Cash and investments	\$ 1,125	\$ -	\$ 331,580	\$ 40,333	\$ 80,558	\$ 453,596	\$ 383,741	\$ 282,835	\$ 1,120,172
Taxes receivable	815			149,001	160,000	309,816			309,816
Accounts receivable-other		10,684		1,500		12,184			12,184
Due from other funds	454,290	616,607	6,778			1,077,675			1,077,675
Prepayments				5,000		5,000			5,000
TOTAL ASSETS	\$ 456,230	\$ 627,291	\$ 338,358	\$ 195,834	\$ 240,558	\$ 1,858,271	\$ 383,741	\$ 282,835	\$ 2,524,847
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 1,041	\$ 24,511	\$ 25,764	\$ 26,399	\$ 5,636	\$ 83,351	\$ -	\$ 1,380	\$ 84,731
Accrued payroll	5,067	2,797	15,481			23,345			23,345
Due to other funds	122	12,223			2,711	15,056		58,246	73,302
Deferred revenue				150,501	160,000	310,501			310,501
Deposits		73,800				73,800			73,800
Total liabilities	6,230	113,331	41,245	176,900	168,347	506,053	-	59,626	565,679
FUND BALANCES									
Reserved for :									
Cemetery Perpetual Care							383,741		383,741
Designated for west pier		63,960				63,960			63,960
Designated, reported in									
Special revenue funds	450,000	450,000	297,113	18,934	72,211	1,288,258			1,288,258
Capital projects funds								223,209	223,209
Total fund balances	450,000	513,960	297,113	18,934	72,211	1,352,218	383,741	223,209	1,959,168
TOTAL LIABILITIES AND FUND BALANCES	\$ 456,230	\$ 627,291	\$ 338,358	\$ 195,834	\$ 240,558	\$ 1,858,271	\$ 383,741	\$ 282,835	\$ 2,524,847

CITY OF LAKE GENEVA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds						Permanent	Capital Projects	Totals
	Parking Meters/Lots	Lakefront Operations	Public Library	Business Improvement District	Cemetery Operations	Total			
REVENUES									
Taxes	\$ -	\$ -	\$ 416,000	\$ 108,800	\$ 160,000	\$ 684,800	\$ -	\$ -	\$ 684,800
Intergovernmental revenues		30,413	207,140			237,553			237,553
Licenses and permits	18,827					18,827			18,827
Penalties and forfeitures	68,972		25,347		43,123	94,319			94,319
Public charges for services	706,236	876,050		17,020	74	1,625,409	7,325	15,390	1,640,799
Commercial revenues		1,147	12,808			31,049		603	38,977
Total Revenues	794,035	907,610	661,295	125,820	203,197	2,691,957	7,325	15,993	2,715,275
EXPENDITURES									
Culture, recreation and education		474,325	735,220	145,364		1,354,909		27,699	1,382,608
Public works	246,863				212,628	246,863			246,863
Health and human services						212,628			212,628
Capital outlay	21,029					21,029			21,029
Total Expenditures	267,892	474,325	735,220	145,364	212,628	1,835,429	-	27,699	1,863,128
Excess Expenditures Over Revenues	526,143	433,285	(73,925)	(19,544)	(9,431)	856,528	7,325	(11,706)	852,147
OTHER FINANCING SOURCES(USES)									
Realized and unrealized investment losses and fees, net of investment income			25,858		12,429	25,858	29,260		55,118
Operating transfers in	(451,143)	(336,965)			-	(788,108)	(12,429)		(800,537)
Operating transfers out									
Net change in fund balances	75,000	96,320	(48,067)	(19,544)	2,998	106,707	24,156	(11,706)	119,157
Fund Balances - January 1, 2010	375,000	417,640	345,180	38,478	69,213	1,245,511	359,585	234,915	1,840,011
Fund Balances - December 31, 2010	\$ 450,000	\$ 513,960	\$ 297,113	\$ 18,934	\$ 72,211	\$ 1,352,218	\$ 383,741	\$ 223,209	\$ 1,959,168