

CITY OF LAKE GENEVA, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2014

CITY OF LAKE GENEVA, WISCONSIN
December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Lake Geneva, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Geneva, Wisconsin ("the City") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Water Utility and Sewer Utility enterprise funds, which represents 100 percent of the assets and revenues of the City's business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for the Water Utility and Sewer enterprise funds, is based on the report of the other auditors. We did not audit the financial statements of Downtown Lake Geneva Business Improvement District, which represents 100 percent of the assets and revenues of the City's discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts include for the Downtown Lake Geneva Business Improvement District is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Financial Information

We have previously audited the City's 2013 financial statements, and our report dated July 28, 2014, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
May 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Fiscal Year 2014

The management of the City of Lake Geneva, Wisconsin (the "City") offers readers of the City's financial statements this narrative and analysis of the financial activities of the City for the fiscal year ended December 31, 2014.

Financial Highlights

- As of the December 31, 2014, the assets of the City of Lake Geneva exceeded its liabilities and deferred inflows of resources by \$66,483,691. This represents a 3.32% decrease over the 2013 net position balance of \$68,763,849.
- The general fund balance at the end of 2014 was \$2,734,947, an increase of \$13,190 from the prior year.

Of the general fund balance, \$126,068 is nonspendable for prepaid items and delinquent taxes, \$347,155 has been assigned for various uses, and \$2,261,724 is currently unassigned.

- The outstanding general obligation debt as of December 31, 2014 is \$7,205,000. This compares to \$5,525,000 at the end of 2013.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Lake Geneva's basic financial statements. The basic financial statements comprise three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

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. Financial information in the government-wide financial statements is reported as either governmental activities or business-type activities. Governmental activities are principally supported by taxes and intergovernmental revenues. Examples of governmental activities are: general government, public safety, public works, health and human services, culture and recreation, conservation and development and interest and fiscal charges.

Business-type (Enterprise) activities recover all or a significant portion of their costs through user fees and charges. These activities include the City's water and sewer utilities.

The **Statement of Net Position** presents information on all City of Lake Geneva, Wisconsin's assets, liabilities and deferred outflows and inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or decreasing. (See pages 11 - 12 of this report).

The **Statement of Activities** presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of 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., earned but unused vacation leave.) (See pages 13 - 14 of this report.)

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. The City of Lake Geneva, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the City's funds can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Government 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 the City's near-term financing requirements.

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 City'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 has identified four major government funds: General, General Debt Service, Capital Improvements, and Tax Incremental District No. 4.

- General Fund: Accounts for the City's primary operating activities.
- General Debt Service Fund: Accounts for financial resources and payments made on long-term general obligation debt.
- Capital Improvements Fund: Accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.
- Tax Incremental District No. 4 Fund: Accounts for financial sources to be used for the activity in the TIF District No. 4.

The net change in fund balances for the year is \$3,576,632. The total fund balance for all governmental funds is \$16,910,680. (See pages 15 - 21)

Proprietary / Enterprise Funds: *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City has identified two major enterprise funds:

- Water Utility: Accounts for revenues and expenses for operations of the municipal water distribution system.
- Sewer Utility: Accounts for operations of the sanitary sewer collection system and wastewater treatment plant.

The net change in position for the Water Utility is a decrease of \$183,474 and the Sewer Utility had a decrease of \$277,190. Water Utility net position totaled \$12,759,458. Sewer Utility net position totaled \$14,494,533, for a proprietary/enterprise fund total of \$27,253,991. (See pages 22 - 25)

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by \$66,483,691 at the close of 2014.

City of Lake Geneva, Wisconsin's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 25,983,533	\$ 22,743,954	\$ 4,308,759	\$ 4,437,397	\$ 30,292,292	\$ 27,181,351
Capital assets	31,564,724	34,942,949	23,760,069	24,080,569	55,324,793	59,023,518
Total Assets	57,548,257	57,686,903	28,068,828	28,517,966	85,617,085	86,204,869
Long-term liabilities outstanding	8,560,065	7,477,198	208,110	645,125	8,768,175	8,122,323
Other liabilities	1,730,503	1,113,702	606,727	158,186	2,337,230	1,271,888
Total Liabilities	10,290,568	8,590,900	814,837	803,311	11,105,405	9,394,211
Deferred inflows of resources	8,027,989	8,046,809	-	-	8,027,989	8,046,809
Net Position						
Net investment in capital assets	26,470,453	29,410,351	23,760,069	24,080,569	50,230,522	53,490,920
Restricted	9,616,883	8,217,682	1,212,920	1,211,880	10,829,803	9,429,562
Unrestricted	3,142,364	3,421,161	2,281,002	2,422,206	5,423,366	5,843,367
Total Net Position	\$ 39,229,700	\$ 41,049,194	\$ 27,253,991	\$ 27,714,655	\$ 66,483,691	\$ 68,763,849

By far the largest portion of the City's net position (76%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is 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.

An additional portion of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$5,423,366 may be used to meet the City's ongoing obligations to citizens and creditors.

Change in net position. Governmental activities decreased the City's net position by \$1,819,494 and business-type activities decreased the City's net position by \$460,664 during the current fiscal year. Key elements of these changes are as follows:

City of Lake Geneva, Wisconsin's Change in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 3,419,238	\$ 3,396,081	\$ 2,575,806	\$ 2,575,453	\$ 5,995,044	\$ 5,971,534
Operating grants and contribution	887,324	876,356	-	-	887,324	876,356
Capital grants and contributions	1,150	233,339	441,327	120,893	442,477	354,232
General Revenues						
Property taxes	6,190,205	6,157,390	-	-	6,190,205	6,157,390
Property tax increment	1,856,605	1,991,180	-	-	1,856,605	1,991,180
Other taxes	533,228	489,616	-	-	533,228	489,616
Grants and contributions not restricted to specific programs	137,895	139,619	-	-	137,895	139,619
Other	250,327	368,735	10,223	17,876	260,550	386,611
Total Revenues	13,275,972	13,652,316	3,027,356	2,714,222	16,303,328	16,366,538
Expenses						
General government	2,988,425	2,902,077	-	-	2,988,425	2,902,077
Public safety	4,279,716	4,160,374	-	-	4,279,716	4,160,374
Public works	5,917,192	5,916,936	-	-	5,917,192	5,916,936
Health and human services	154,471	205,591	-	-	154,471	205,591
Culture and recreation	1,707,379	1,691,988	-	-	1,707,379	1,691,988
Conservation and development	165,499	159,696	-	-	165,499	159,696
Interest and fiscal charges	198,455	178,862	-	-	198,455	178,862
Water utility	-	-	1,504,862	1,394,058	1,504,862	1,394,058
Sewer utility	-	-	1,667,487	1,616,128	1,667,487	1,616,128
Total Expenses	15,411,137	15,215,524	3,172,349	3,010,186	18,583,486	18,225,710
Increase in Net Position						
Before Transfers	(2,135,165)	(1,563,208)	(144,993)	(295,964)	(2,280,158)	(1,859,172)
Transfers	315,671	322,173	(315,671)	(322,173)	-	-
Change in Net Position	(1,819,494)	(1,241,035)	(460,664)	(618,137)	(2,280,158)	(1,859,172)
Net Position - January 1	41,049,194	42,290,229	27,714,655	28,332,792	68,763,849	70,623,021
Net Position - December 31	\$ 39,229,700	\$ 41,049,194	\$ 27,253,991	\$ 27,714,655	\$ 66,483,691	\$ 68,763,849

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. An analysis of the City's general fund follows:

General Fund Budget Comparison: Budgeted versus Actual Revenue and Transfers In/Expenditures and Transfers Out (See page 21 of this report)

General Fund Revenues and Transfers In	
Budget	\$ 8,322,172
Actual	8,430,897
Variance	\$ 108,725

The positive revenue variance was primarily due to the following:

- Fine and forfeiture revenue was \$31,035 over budget.
- Public charges for services exceeded budget by \$29,106.
- License and permit revenues exceeded budget by \$24,213.

General Fund Expenditures and Transfers Out	
Budget	\$ 8,322,172
Actual	8,417,707
Variance	\$ (95,535)

The functions with significant budget variances are listed below:

- Practically all of the expense budget variance was due to an increase in health insurance claims.

General Fund Balance	
Beginning of year	\$ 2,721,757
End of the year	2,734,947
Change in Fund Balance	\$ 13,190

Proprietary funds. (See pages 22 - 25) The City's proprietary funds provide the same type of information found in the City's government-wide financial statements, but in more detail. Also, a separation of the financial activities of the sewer and water utilities can be found on these pages.

Net position of the water utility fund at the end of the year amounted to \$12,759,458, a decrease of \$183,474 from the prior year. Operating loss for the water utility fund totaled \$114,694.

Net position of the sewer utility at the end of the year totaled \$14,494,533, a decrease of \$277,190 from the prior year. Operating loss for the sewer utility fund totaled \$469,050.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$55,324,793 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, infrastructure (streets and bridges), and construction in progress.

City of Lake Geneva, Wisconsin's Capital Assets						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,601,266	\$ 3,601,266	\$ 765,749	\$ 765,749	\$ 4,367,015	\$ 4,367,015
Property held for future	-	-	197,158	197,158	197,158	197,158
Construction in progress	162,152	-	-	24,396	162,152	24,396
Buildings	13,016,691	12,902,698	7,694,035	7,694,035	20,710,726	20,596,733
Land improvements	219,443	219,443	-	-	219,443	219,443
Machinery and equipment	11,129,039	10,738,417	8,428,799	8,325,900	19,557,838	19,064,317
Infrastructure	85,664,048	85,193,629	23,386,157	22,931,848	109,050,205	108,125,477
Accumulated depreciation	(82,227,915)	(77,712,504)	(16,711,829)	(15,858,517)	(98,939,744)	(93,571,021)
Total	\$ 31,564,724	\$ 34,942,949	\$ 23,760,069	\$ 24,080,569	\$ 55,324,793	\$ 59,023,518

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$7,205,000.

City of Lake Geneva, Wisconsin's Capital Assets General Obligation Debt and Alliant Energy Note						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General Obligation Debt						
Notes	\$ 7,205,000	\$ 5,525,000	\$ -	\$ -	\$ 7,205,000	\$ 5,525,000
Alliant Energy	4,974	7,598	-	-	4,974	7,598
Total General Obligation Debt	\$ 7,209,974	\$ 5,532,598	\$ -	\$ -	\$ 7,209,974	\$ 5,532,598

Debt Service - Governmental Activities: (Page 41) All general obligation notes are backed by the full faith and credit of the City. Notes in the government funds will be retired by future property tax levies. In accordance with Wisconsin Statutes, total general obligation debt of City may not exceed five percent (5%) of the equalized value of taxable property of the City. This debt limit as of December 31, 2014 was \$58,421,125. Total general obligation debt outstanding at year-end was \$7,205,000. The outstanding GO debt applicable to the debt limit represents 12% of the City's debt capacity.

Economic Factors and Next Year's Budget and Rates

- The economic condition and outlook of the City has remained quite stable.
- The 2015 Budget is reflective of the City's commitment to maintaining sound fiscal policy with an emphasis on establishing fiscally sound reserve funds

Contacting the City's Financial Management

The administrative staff hopes the Management Discussion and Analysis is informative. We encourage you to read the 2014 audit in detail. If you would like additional information regarding the audit report, please contact City Administrator Dennis Jordan (262-248-3673) or City Comptroller Peg Pollitt (262-248-3673).

BASIC FINANCIAL STATEMENTS

CITY OF LAKE GENEVA, WISCONSIN
Statement of Net Position
December 31, 2014
(With summarized financial information as of December 31, 2013)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2014	2013
ASSETS				
Cash and investments	\$ 16,960,368	\$ 2,328,467	\$ 19,288,835	\$ 16,060,659
Receivables				
Taxes	8,034,272	-	8,034,272	8,061,969
Delinquent personal property taxes	5,405	-	5,405	5,005
Accounts	210,238	424,534	634,772	677,168
Other	-	25,060	25,060	42,654
Special assessments	251,561	503,442	755,003	764,802
Internal balances	289,389	(289,389)	-	-
Inventories	-	74,219	74,219	78,345
Prepaid items	120,663	12,017	132,680	166,368
Other assets	-	17,489	17,489	-
Restricted cash and investments	111,637	1,212,920	1,324,557	1,324,381
Capital assets, not being depreciated				
Land	3,601,266	765,749	4,367,015	4,367,015
Property held for future	-	197,158	197,158	197,158
Construction in progress	162,152	-	162,152	24,396
Capital assets, being depreciated				
Land improvements	219,443	-	219,443	219,443
Buildings	13,016,691	7,694,035	20,710,726	20,596,733
Machinery and equipment	11,129,039	8,428,799	19,557,838	19,064,317
Infrastructure	85,664,048	23,386,157	109,050,205	108,125,477
Accumulated depreciation	(82,227,915)	(16,711,829)	(98,939,744)	(93,571,021)
TOTAL ASSETS	57,548,257	28,068,828	85,617,085	86,204,869
LIABILITIES				
Accounts payable	282,492	79,246	361,738	721,701
Accrued liabilities	357,842	2,745	360,587	346,597
Accrued interest	65,289	-	65,289	52,130
Due to other governments	-	-	-	339
Deposits	94,900	-	94,900	90,250
Unearned revenue	-	524,736	524,736	522,069
Noncurrent liabilities				
Due within one year	929,980	-	929,980	882,624
Due in more than one year	8,560,065	208,110	8,768,175	6,778,501
TOTAL LIABILITIES	10,290,568	814,837	11,105,405	9,394,211
DEFERRED INFLOWS OF RESOURCES				
Property taxes	8,027,989	-	8,027,989	8,046,809
NET POSITION				
Net investment in capital assets	26,470,453	23,760,069	50,230,522	53,490,920
Restricted				
Debt service	42,912	-	42,912	-
Library	579,001	-	579,001	551,972
Cemetery perpetual care funds	534,843	-	534,843	503,619
Tax incremental district	8,301,756	-	8,301,756	6,948,971
Impact fees	158,371	-	158,371	232,615
Plant replacement	-	1,212,920	1,212,920	1,211,880
Unrestricted	3,142,364	2,281,002	5,423,366	5,823,872
TOTAL NET POSITION	\$ 39,229,700	\$ 27,253,991	\$ 66,483,691	\$ 68,763,849

The notes to the basic financial statements are an integral part of this statement.

Component Unit	
2014	2013
\$ 93,012	\$ 47,501
199,000	199,000
-	-
1,416	-
-	-
-	-
-	5,000
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<u>293,428</u>	<u>251,501</u>
27,847	12,236
-	-
-	-
-	-
-	-
-	-
-	-
<u>27,847</u>	<u>12,236</u>
<u>199,000</u>	<u>199,000</u>
-	-
-	-
-	-
-	-
-	-
-	-
66,581	40,265
<u>\$ 66,581</u>	<u>\$ 40,265</u>

CITY OF LAKE GENEVA, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2014

(With summarized financial information for the year ended December 31, 2013)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,988,425	\$ 243,140	\$ -	\$ -
Public safety	4,279,716	596,392	94,547	-
Public works	5,917,192	1,254,632	754,210	-
Health and human services	154,471	48,167	-	-
Culture and recreation	1,707,379	1,276,907	38,436	1,150
Conservation and development	165,499	-	131	-
Interest and fiscal charges	198,455	-	-	-
Total Governmental Activities	<u>15,411,137</u>	<u>3,419,238</u>	<u>887,324</u>	<u>1,150</u>
Business-type Activities				
Water	1,504,862	1,390,168	-	242,691
Sewer	1,667,487	1,185,638	-	198,636
Total Business-type Activities	<u>3,172,349</u>	<u>2,575,806</u>	<u>-</u>	<u>441,327</u>
Total Primary Government	<u>\$ 18,583,486</u>	<u>\$ 5,995,044</u>	<u>\$ 887,324</u>	<u>\$ 442,477</u>
Component Unit				
Business improvement district	<u>\$ 203,724</u>	<u>\$ 30,867</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes, levied for general purposes

Taxes levied for debt service

Tax increment

Other taxes

Grants and contributions not restricted to specific programs

Investment income

Miscellaneous revenue

Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - January 1

Net Position - December 31

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position					
Governmental Activities	Business-type Activities	Primary Government		Component Unit	
		2014	2013	2014	2013
\$ (2,745,285)	\$ -	\$ (2,745,285)	\$ (2,687,512)	\$ -	\$ -
(3,588,777)	-	(3,588,777)	(3,426,641)	-	-
(3,908,350)	-	(3,908,350)	(3,767,200)	-	-
(106,304)	-	(106,304)	(138,762)	-	-
(390,886)	-	(390,886)	(351,325)	-	-
(165,368)	-	(165,368)	(159,446)	-	-
(198,455)	-	(198,455)	(178,862)	-	-
<u>(11,103,425)</u>	<u>-</u>	<u>(11,103,425)</u>	<u>(10,709,748)</u>	<u>-</u>	<u>-</u>
-	127,997	127,997	58,122	-	-
-	(283,213)	(283,213)	(371,962)	-	-
-	(155,216)	(155,216)	(313,840)	-	-
<u>(11,103,425)</u>	<u>(155,216)</u>	<u>(11,258,641)</u>	<u>(11,023,588)</u>	<u>-</u>	<u>-</u>
-	-	-	-	(172,857)	(151,087)
5,153,141	-	5,153,141	5,117,001	-	-
1,037,064	-	1,037,064	1,040,389	-	-
1,856,605	-	1,856,605	1,991,180	-	-
533,228	-	533,228	489,616	199,000	178,300
137,895	-	137,895	139,619	-	-
87,488	10,223	97,711	152,880	173	213
162,839	-	162,839	200,684	-	-
-	-	-	33,047	-	-
315,671	(315,671)	-	-	-	-
<u>9,283,931</u>	<u>(305,448)</u>	<u>8,978,483</u>	<u>9,164,416</u>	<u>199,173</u>	<u>178,513</u>
(1,819,494)	(460,664)	(2,280,158)	(1,859,172)	26,316	27,426
<u>41,049,194</u>	<u>27,714,655</u>	<u>68,763,849</u>	<u>70,623,021</u>	<u>40,265</u>	<u>12,839</u>
<u>\$ 39,229,700</u>	<u>\$ 27,253,991</u>	<u>\$ 66,483,691</u>	<u>\$ 68,763,849</u>	<u>\$ 66,581</u>	<u>\$ 40,265</u>

CITY OF LAKE GENEVA, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2014
(With summarized financial information as of December 31, 2013)

	General	General Debt Service	Capital Improvements
ASSETS			
Cash and investments	\$ 5,351,112	\$ -	\$ 2,486,304
Receivables			
Taxes	4,501,278	1,037,064	90,000
Delinquent personal property taxes	5,405	-	-
Accounts	198,510	-	-
Special assessments	251,561	-	-
Due from other funds	422,093	108,201	-
Prepaid items	120,663	-	-
Restricted cash and investments	-	-	-
TOTAL ASSETS	\$ 10,850,622	\$ 1,145,265	\$ 2,576,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 106,200	\$ -	\$ 87,546
Accrued liabilities	326,412	-	-
Due to other governments	-	-	-
Due to other funds	2,874,738	-	242,813
Deposits	3,700	-	-
Total Liabilities	3,311,050	-	330,359
Deferred Inflows of Resources			
Property taxes	4,494,995	1,037,064	90,000
Special assessments	251,561	-	-
Other	58,069	-	-
Total Deferred Inflows of Resources	4,804,625	1,037,064	90,000
Fund Balances			
Nonspendable			
Delinquent taxes	5,405	-	-
Prepaid items	120,663	-	-
Cemetery perpetual care	-	-	-
Library endowment	-	-	-
Restricted			
Debt service	-	108,201	-
Debt proceeds	-	-	2,155,945
Library	-	-	-
Impact fees	-	-	-
Tax incremental district	-	-	-
Committed			
Equipment replacement	-	-	-
Assigned			
General fund	347,155	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unassigned			
General fund	2,261,724	-	-
Total Fund Balances	2,734,947	108,201	2,155,945
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,850,622	\$ 1,145,265	\$ 2,576,304

TID No. 4 Capital Projects	Other Governmental Funds	Total Governmental Funds	
		2014	2013
\$ 7,889,395	\$ 1,233,557	\$ 16,960,368	\$ 13,611,979
1,696,930	709,000	8,034,272	8,061,969
-	-	5,405	5,005
2,140	9,588	210,238	237,201
-	-	251,561	253,147
448,431	2,601,994	3,580,719	3,760,854
-	-	120,663	150,540
-	111,637	111,637	112,501
<u>\$ 10,036,896</u>	<u>\$ 4,665,776</u>	<u>\$ 29,274,863</u>	<u>\$ 26,193,196</u>

\$ 38,210	\$ 50,536	\$ 282,492	\$ 627,121
-	31,430	357,842	343,862
-	-	-	339
-	173,779	3,291,330	3,449,242
-	91,200	94,900	90,250
<u>38,210</u>	<u>346,945</u>	<u>4,026,564</u>	<u>4,510,814</u>

1,696,930	709,000	8,027,989	8,046,809
-	-	251,561	253,147
-	-	58,069	48,378
<u>1,696,930</u>	<u>709,000</u>	<u>8,337,619</u>	<u>8,348,334</u>

-	-	5,405	5,005
-	-	120,663	150,540
-	534,843	534,843	503,619
-	111,321	111,321	110,184
-	-	108,201	2,829
-	-	2,155,945	-
-	467,680	467,680	441,788
-	158,371	158,371	232,615
8,301,756	-	8,301,756	6,948,971
-	669,009	669,009	715,000
-	-	347,155	360,114
-	1,622,494	1,622,494	1,435,409
-	46,113	46,113	221,876
-	-	2,261,724	2,206,098
<u>8,301,756</u>	<u>3,609,831</u>	<u>16,910,680</u>	<u>13,334,048</u>

<u>\$ 10,036,896</u>	<u>\$ 4,665,776</u>	<u>\$ 29,274,863</u>	<u>\$ 26,193,196</u>
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CITY OF LAKE GENEVA, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2014

(With summarized financial information as of December 31, 2013)

Reconciliation to the Statement of Net Position

	2014	2013
Total Fund Balances as shown on previous page	\$ 16,910,680	\$ 13,334,048
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	31,564,724	34,942,949
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	251,561	253,147
Other	58,069	48,378
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable	(7,205,000)	(5,525,000)
Debt premium	(101,279)	-
Alliant Energy notes payable	(4,974)	(7,598)
Compensated absences	(149,582)	(172,006)
Other post-employment benefit	(2,029,210)	(1,772,594)
Accrued interest on long-term obligations	(65,289)	(52,130)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see pages 11 - 12)	<u>\$ 39,229,700</u>	<u>\$ 41,049,194</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAKE GENEVA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014
(With summarized financial information for the year ended December 31, 2013)

	General	General Debt Service	Capital Improvements
Revenues			
Taxes	\$ 5,174,186	\$ 1,037,064	\$ 90,000
Special assessments	1,586	-	-
Intergovernmental	976,138	-	-
Licenses and permits	343,113	-	-
Fines and forfeits	146,535	-	-
Public charges for services	330,581	-	-
Intergovernmental charges for services	165,124	-	-
Investment income	7,161	-	840
Miscellaneous	42,626	-	2
Total Revenues	7,187,050	1,037,064	90,842
Expenditures			
Current			
General government	2,760,814	-	-
Public safety	3,712,306	-	-
Public works	1,439,084	-	-
Health and human services	-	-	-
Culture and recreation	173,116	-	-
Conservation and development	165,499	-	-
Capital outlay			
General government	-	-	16,746
Public safety	-	-	255,238
Public works	-	-	362,882
Health and human services	-	-	-
Culture and recreation	-	-	23,873
Debt service			
Principal retirement	-	881,057	-
Interest and fiscal charges	-	156,006	-
Debt issuance costs	-	-	33,271
Total Expenditures	8,250,819	1,037,063	692,010
Excess of Revenues Over (Under) Expenditures	(1,063,769)	1	(601,168)
Other Financing Sources (Uses)			
Long-term debt issued	-	-	2,560,000
Premium on debt issued	-	105,371	-
Sale of capital assets	8,356	-	1,855
Transfers in	1,235,491	-	-
Transfers out	(166,888)	-	-
Total Other Financing Sources (Uses)	1,076,959	105,371	2,561,855
Net Change in Fund Balances	13,190	105,372	1,960,687
Fund Balances - January 1	2,721,757	2,829	195,258
Fund Balances - December 31	\$ 2,734,947	\$ 108,201	\$ 2,155,945

(Continued)

TID No. 4 Capital Projects	Other Governmental Funds	Total Governmental Funds	
		2014	2013
\$ 1,856,605	\$ 423,000	\$ 8,580,855	\$ 8,639,707
-	-	1,586	4,253
1,165	319,536	1,296,839	1,250,232
-	19,962	363,075	415,859
-	294,061	440,596	374,148
-	1,930,177	2,260,758	2,323,423
-	-	165,124	146,971
13,606	64,843	86,450	133,223
-	19,745	62,373	89,276
<u>1,871,376</u>	<u>3,071,324</u>	<u>13,257,656</u>	<u>13,377,092</u>
-	-	2,760,814	2,616,064
-	59,476	3,771,782	3,742,863
-	554,702	1,993,786	1,983,631
-	176,915	176,915	221,313
-	1,312,672	1,485,788	1,494,999
-	-	165,499	159,696
468	-	17,214	20,458
-	-	255,238	196,792
492,469	45,991	901,342	1,190,909
-	7,459	7,459	-
34,898	5,657	64,428	523,689
-	1,567	882,624	852,546
-	111	156,117	189,521
-	-	33,271	-
<u>527,835</u>	<u>2,164,550</u>	<u>12,672,277</u>	<u>13,192,481</u>
<u>1,343,541</u>	<u>906,774</u>	<u>585,379</u>	<u>184,611</u>
-	-	2,560,000	-
-	-	105,371	-
-	-	10,211	35,547
9,244	180,719	1,425,454	2,274,480
-	(942,895)	(1,109,783)	(1,952,307)
<u>9,244</u>	<u>(762,176)</u>	<u>2,991,253</u>	<u>357,720</u>
1,352,785	144,598	3,576,632	542,331
6,948,971	3,465,233	13,334,048	12,791,717
<u>\$ 8,301,756</u>	<u>\$ 3,609,831</u>	<u>\$ 16,910,680</u>	<u>\$ 13,334,048</u>

CITY OF LAKE GENEVA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2014
(With summarized financial information for the year ended December 31, 2013)

Reconciliation to the Statement of Activities

	2014	2013
Net change in fund balances - total governmental funds	\$ 3,576,632	\$ 542,331
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.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,149,665	1,785,460
Depreciation is reported in the government-wide statements	(4,527,890)	(4,496,154)
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		
Book value of capital assets disposed of	-	(2,500)
Revenues not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Special assessments	(1,586)	229,086
Other	9,691	13,091
Debt issued provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued	(2,560,000)	-
Principal retired	882,624	852,546
Debt premium	(101,279)	-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Other post-employment benefits	(256,616)	(157,355)
Compensated absences	22,424	(18,199)
Accrued interest on debt	(13,159)	10,659
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see pages 13 - 14)	<u>\$ (1,819,494)</u>	<u>\$ (1,241,035)</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAKE GENEVA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2014
(With comparative financial information for the year ended December 31, 2013)

	Budgeted Amounts		2014 Actual Amounts	Variance Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
Revenues					
Taxes	\$ 5,167,091	\$ 5,167,091	\$ 5,174,186	\$ 7,095	\$ 5,100,138
Special assessments	1,585	1,585	1,586	1	4,253
Intergovernmental	963,847	963,847	976,138	12,291	944,518
Licenses and permits	318,900	318,900	343,113	24,213	402,351
Public charges for services	301,475	301,475	330,581	29,106	354,824
Fines and forfeits	115,500	115,500	146,535	31,035	120,227
Intergovernmental charges for services	164,382	164,382	165,124	742	146,971
Interest	6,075	6,075	7,161	1,086	9,481
Miscellaneous	15,225	15,225	42,626	27,401	41,356
Total Revenues	7,054,080	7,054,080	7,187,050	132,970	7,124,119
Expenditures					
Current					
General government	2,530,961	2,530,961	2,760,814	(229,853)	2,616,064
Public safety	3,800,656	3,800,656	3,712,306	88,350	3,742,453
Public works	1,478,256	1,478,256	1,439,084	39,172	1,489,025
Culture and recreation	186,650	186,650	173,116	13,534	161,279
Conservation and development	158,761	158,761	165,499	(6,738)	159,696
Total Expenditures	8,155,284	8,155,284	8,250,819	(95,535)	8,168,517
Excess of Revenues Under Expenditures	(1,101,204)	(1,101,204)	(1,063,769)	37,435	(1,044,398)
Other Financing Sources (Uses)					
Sale of capital assets	1,000	1,000	8,356	7,356	2,157
Transfers in	1,267,092	1,267,092	1,235,491	(31,601)	1,267,362
Transfers out	(166,888)	(166,888)	(166,888)	-	(972,522)
Total Other Financing Sources (Uses)	1,101,204	1,101,204	1,076,959	(24,245)	296,997
Net Change in Fund Balance	-	-	13,190	13,190	(747,401)
Fund Balance - January 1	2,721,757	2,721,757	2,721,757	-	3,469,158
Fund Balance - December 31	\$ 2,721,757	\$ 2,721,757	\$ 2,734,947	\$ 13,190	\$ 2,721,757

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAKE GENEVA, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2014

(With summarized financial information as of December 31, 2013)

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Totals	
			2014	2013
ASSETS				
Current assets				
Cash and investments	\$ 797,877	\$ 1,530,590	\$ 2,328,467	\$ 2,448,680
Receivables				
Accounts	193,947	230,587	424,534	439,967
Other	11,418	13,642	25,060	42,654
Due from other funds	50,662	3,738	54,400	8,555
Inventories and prepaid expenses	86,236	-	86,236	94,173
Total Current Assets	1,140,140	1,778,557	2,918,697	3,034,029
Noncurrent assets				
Receivables				
Special assessments	18,362	485,080	503,442	511,655
Restricted assets				
Cash and investments	351,237	861,683	1,212,920	1,211,880
Other assets - preliminary construction costs	-	17,489	17,489	-
Capital assets not being depreciated				
Land	131,241	634,508	765,749	765,749
Property held for future use	197,158	-	197,158	197,158
Construction in progress	-	-	-	24,396
Capital assets, being depreciated				
Buildings	1,472,986	6,221,049	7,694,035	7,694,035
Land improvements	2,216,825	6,211,974	8,428,799	8,325,900
Machinery and equipment	15,052,976	8,333,181	23,386,157	22,931,848
Less: Accumulated depreciation	(7,259,207)	(9,452,622)	(16,711,829)	(15,858,517)
Total Capital Assets, Net of Accumulated Depreciation	11,811,979	11,948,090	23,760,069	24,080,569
Total Noncurrent Assets	12,181,578	13,312,342	25,493,920	25,804,104
TOTAL ASSETS	13,321,718	15,090,899	28,412,617	28,838,133
LIABILITIES				
Current Liabilities				
Accounts payable	28,104	51,142	79,246	94,580
Accrued liabilities	2,745	-	2,745	2,735
Due to other funds	337,022	6,767	343,789	320,167
Unearned revenue	80,984	443,752	524,736	522,069
Total Current Liabilities	448,855	501,661	950,516	939,551
Noncurrent Liabilities				
Compensated absences	26,271	18,481	44,752	35,962
Other post employment benefits	87,134	76,224	163,358	147,965
Total Noncurrent Liabilities	113,405	94,705	208,110	183,927
TOTAL LIABILITIES	562,260	596,366	1,158,626	1,123,478
NET POSITION				
Net investment in capital assets	11,811,979	11,948,090	23,760,069	24,080,569
Restricted for				
Plant replacement	351,237	861,683	1,212,920	1,211,880
Unrestricted	596,242	1,684,760	2,281,002	2,422,206
TOTAL NET POSITION	\$ 12,759,458	\$ 14,494,533	\$ 27,253,991	\$ 27,714,655

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAKE GENEVA, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014
(With summarized financial information for the year ended December 31, 2013)

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Totals	
			2014	2013
Operating Revenues				
Charges for services	\$ 1,390,168	\$ 1,185,638	\$ 2,575,806	\$ 2,575,453
Operating Expenses				
Operation and maintenance	1,063,913	1,068,749	2,132,662	1,991,250
Taxes	20,653	25,372	46,025	45,916
Depreciation	420,296	560,567	980,863	972,088
Total Operating Expenses	<u>1,504,862</u>	<u>1,654,688</u>	<u>3,159,550</u>	<u>3,009,254</u>
Operating Loss	<u>(114,694)</u>	<u>(469,050)</u>	<u>(583,744)</u>	<u>(433,801)</u>
Nonoperating Revenues (Expenses)				
Interest income	4,200	6,023	10,223	17,876
Contributions to other city departments	-	(670)	(670)	(896)
Contribution to city museum development	-	(12,129)	(12,129)	(36)
Total Nonoperating Revenues (Expenses)	<u>4,200</u>	<u>(6,776)</u>	<u>(2,576)</u>	<u>16,944</u>
Loss Before Contributions and Transfers	<u>(110,494)</u>	<u>(475,826)</u>	<u>(586,320)</u>	<u>(416,857)</u>
Capital contributions	242,691	198,636	441,327	120,893
Transfers out	<u>(315,671)</u>	<u>-</u>	<u>(315,671)</u>	<u>(322,173)</u>
Change in Net Position	<u>(183,474)</u>	<u>(277,190)</u>	<u>(460,664)</u>	<u>(618,137)</u>
Net Position - January 1	<u>12,942,932</u>	<u>14,771,723</u>	<u>27,714,655</u>	<u>28,332,792</u>
Net Position - December 31	<u>\$ 12,759,458</u>	<u>\$ 14,494,533</u>	<u>\$ 27,253,991</u>	<u>\$ 27,714,655</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAKE GENEVA, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014
(With summarized financial information for the year ended December 31, 2013)

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Totals	
			2014	2013
Cash Flows from Operating Activities				
Cash received from customers and municipality	\$ 1,388,132	\$ 1,211,535	\$ 2,599,667	\$ 2,564,401
Cash payments to suppliers and municipality	(623,405)	(821,504)	(1,444,909)	(1,331,685)
Cash payments to employees	(429,426)	(308,933)	(738,359)	(728,325)
Net Cash Provided by Operating Activities	<u>335,301</u>	<u>81,098</u>	<u>416,399</u>	<u>504,391</u>
Cash Flows from Noncapital and Related Financing Activities				
Transfer to other funds	(322,173)	-	(322,173)	(348,361)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(355,342)	(19,220)	(374,562)	(585,394)
Contribution to city museum development	-	-	-	(36)
Contribution to other city departments	-	(12,799)	(12,799)	(896)
Cost of removal	(5,301)	-	(5,301)	-
Salvage and insurance proceeds	-	-	-	6,801
Special assessment collections	-	8,213	8,213	30,630
Capital contributions received	78,021	82,806	160,827	105,838
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(282,622)</u>	<u>59,000</u>	<u>(223,622)</u>	<u>(443,057)</u>
Cash Flows from Investing Activities				
Interest income received	4,200	6,023	10,223	17,876
Purchase of long-term investments	-	(257,702)	(257,702)	(409,006)
Redemption of long-term investments	148,069	254,871	402,940	252,523
Net Cash Provided (Used) by Investing Activities	<u>152,269</u>	<u>3,192</u>	<u>155,461</u>	<u>(138,607)</u>
Change in Cash and Cash Equivalents	(117,225)	143,290	26,065	(425,634)
Cash and Cash Equivalents - Beginning of Year	<u>744,104</u>	<u>1,485,812</u>	<u>2,229,916</u>	<u>2,655,550</u>
Cash and Cash Equivalents - End of Year	<u>\$ 626,879</u>	<u>\$ 1,629,102</u>	<u>\$ 2,255,981</u>	<u>\$ 2,229,916</u>
Reconciliation to Statement of Net Position				
Cash and investments in current assets	\$ 797,877	\$ 1,530,590	\$ 2,328,467	\$ 2,448,680
Cash and investments in restricted assets	351,237	861,683	1,212,920	1,211,880
Less: Long-term investments	(522,235)	(763,171)	(1,285,406)	(1,430,644)
Total Cash and Cash Equivalents	<u>\$ 626,879</u>	<u>\$ 1,629,102</u>	<u>\$ 2,255,981</u>	<u>\$ 2,229,916</u>

(Continued)

CITY OF LAKE GENEVA, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2014
(With summarized financial information for the year ended December 31, 2013)

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Totals	
			2014	2013
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (114,694)	\$ (469,050)	\$ (583,744)	\$ (433,801)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	420,296	560,567	980,863	972,088
Depreciation charged to sewer department	33,997	(33,997)	-	-
Changes in assets and liabilities				
Accounts receivable	7,229	25,798	33,027	(11,616)
Due from other funds	(9,265)	99	(9,166)	564
Inventories and prepaid expenses	7,937	-	7,937	(1,659)
Other assets	-	(17,489)	(17,489)	10,687
Accounts payable	(19,447)	4,113	(15,334)	(73,863)
Due to other funds	(6,188)	(367)	(6,555)	21,823
Accrued and other current liabilities	10	-	10	(1,782)
Compensated absences	3,831	4,959	8,790	4,617
Other post employment benefits	8,928	6,465	15,393	14,731
Unearned revenue	2,667	-	2,667	2,602
Net Cash Provided by Operating Activities	\$ 335,301	\$ 81,098	\$ 416,399	\$ 504,391
Noncash Investing, Capital and Financing Activities				
Capital assets contributed by developers	\$ 164,670	\$ 115,830	\$ 280,500	\$ 15,055

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAKE GENEVA, WISCONSIN

Statement of Net Position

Fiduciary Funds

December 31, 2014

(With summarized financial information as of December 31, 2013)

	Tax Collection Fund	Municipal Court Bond	Totals	
			2014	2013
ASSETS				
Cash and investments	\$ 6,941,759	\$ -	\$ 6,941,759	\$ 7,614,242
Receivables				
Taxes	12,998,696	-	12,998,696	12,735,556
TOTAL ASSETS	\$ 19,940,455	\$ -	\$ 19,940,455	\$ 20,349,798
LIABILITIES				
Due to other governments	\$ 19,940,455	\$ -	\$ 19,940,455	\$ 20,349,798
TOTAL LIABILITIES	\$ 19,940,455	\$ -	\$ 19,940,455	\$ 20,349,798

The notes to the basic financial statements are an integral part of this statement.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Lake Geneva, Wisconsin ("the City"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

1. Reporting Entity

The City of Lake Geneva, Wisconsin is a municipal corporation governed by an elected mayor and eight-member council. Included in the City's operations (the primary government) is the City's water and sewer utilities managed by the Lake Geneva Utility Commission appointed by the Common Council. The City's Mayor and two aldermen also serve on the Commission. Included in the City's operations (the primary government) is the City's Oak Hill Cemetery operations managed by a three-member cemetery commission committee appointed by the Mayor.

As required by GAAP, the basic financial statements present the City (the primary government) and any component units. A legal separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financial accountable if it appoints a majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a primary government if all of the following criteria are met:

- a. the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents;
- b. the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization;
- c. the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

The component unit discussed below is included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City.

Downtown Lake Geneva Business Improvement District

The Downtown Lake Geneva Business Improvement District ("BID"), created under the provisions of Wisconsin Statute Section 66.1109, is a discretely presented component unit with a separate eight-member board of directors. The BID nomination of the board of directors must be approved by the Common Council. The purpose of the BID is to allow businesses within the district boundaries to develop, manage, and promote the district and to establish an assessment method to finance these activities. The BID has its own independent budgetary authority and borrowing capabilities. However, the City can impose its will on the BID. The BID financial information is presented for the fiscal year ended December 31, 2014. Separate financial statements for the BID can be obtained from its office at 626 Geneva Street, Lake Geneva, Wisconsin 53147.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

GENERAL FUND

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

GENERAL DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term other than TIF, library expansion, or enterprise funds.

CAPITAL IMPROVEMENTS FUND

This fund accounts for the acquisition or construction of major capital facilities other than those financed by proprietary fund types.

TID DISTRICT NO. 4 CAPITAL PROJECTS FUND

This fund accounts for the acquisition or construction of major capital facilities related to the City's Tax Incremental District No. 4.

The City reports the following major proprietary funds:

WATER UTILITY ENTERPRISE FUND

This fund accounts for the provision of water services to City residents, public authorities, and business entities.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SEWER UTILITY ENTERPRISE FUND

This fund accounts for the provision of sewer collection and treatment services to City residents, public authorities, and business entities.

The City reports the following fund type:

The City accounts for assets held for individuals by various departments and funds held for other governmental agencies in an agency fund. The City reports the Tax Collection Fund and Municipal Court Bond Fund as agency funds.

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 sewer utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. 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 of Wisconsin, Walworth County, United High School District of Lake Geneva – Genoa City Union High, School District of Lake Geneva J1, School District Linn J 4 and Gateway Technical College District 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 statement of net position.

Property tax calendar - 2014 tax roll

Levy date	December 2014
Real estate tax collection due dates:	January 31, 2015
Payment in full or first installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	September 2016

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.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least \$5,000 for property, plant and equipment and infrastructure assets and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	Governmental Activities	Business-type Activities
	Years	
Land improvements	10 - 50	10 - 50
Buildings	20 - 50	20 - 50
Improvements other than buildings	5 - 15	5 - 15
Machinery and equipment	5 - 50	5 - 50
Infrastructure	5 - 40	5 - 150

g. Compensated Absences

Under terms of employment, employees are granted sick leave and vacation in varying amounts. Only benefits considered to be vested are disclosed in these statements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations or retirements. The governmental fund that has typically been used to liquidate the compensated absences liability is the general fund.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently does not have any items that qualify for reporting in this category.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The City also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, special assessments and ambulance receivables. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

i. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized management to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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 position - Net position that is neither classified as restricted nor as net investment in capital assets.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

6. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

- c. During the year, formal budgetary integration is employed as a management control device for the City's funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council by two-thirds vote.
- e. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2014.

2. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the City's governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2014 as follows:

Fund	Function	Excess Expenditures
General fund	General government	\$ 229,856
General fund	Conservation and development	6,738
Parking Meters and Lots	Public works	14,742
Parking Meters and Lots	Transfers out	36,318
Lakefront Operations	Culture and recreation	38,448
Public Library	Culture and recreation	2,707
Capital Improvements	Debt service	33,271
Capital Improvements	Public safety	7,542

Excess expenditures were financed by available budget balances in other activities within the fund, and/or additional revenue streams.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the cemetery perpetual care and library donation accounts may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "*Uniform Prudent Investor Act*".

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The carrying amount of the City's cash and investments totaled \$27,555,151 on December 31, 2014 as summarized below:

Petty cash and cash on hand	\$ 2,325
Deposits with financial institutions	5,379,393
Investments	22,173,433
	\$ 27,555,151

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 19,288,835
Restricted cash and investments	1,324,557
Fiduciary Fund Statement of Net Position	
Agency fund	6,941,759
	\$ 27,555,151

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the specific risks and the City's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City's investment policy on custodial credit risk places safety of funds as one of the top priorities. The City's policy requires the City to choose bank deposits that have a lower default or credit risk and requires agreements that will fully collateralize the City's assets. No more than 25% of bank deposits can be with a single financial institution.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2014, \$90,423 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City's policy requires the City to choose investments that have a lower default or credit risk and requires agreements that will fully collateralize the City's assets. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	AA	Not Rated
Exchange Traded Funds	\$ 71,031	\$ -	\$ -	\$ -	\$ 71,031
Mutual Funds	792,131	-	-	-	792,131
Wisconsin Local Government Investment Pool	21,310,271	-	-	-	21,310,271
Totals	\$ 22,173,433	\$ -	\$ -	\$ -	\$ 22,173,433

Concentration of Credit Risk

With the exception of U.S. Treasury securities and authorized pools, the City's investment policy requires that no more than 25% of the City's total investment portfolio in any particular fund may be invested in a single security type. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires the City to diversify investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Unless matched to a specific cash flow or maturity, the City will not directly invest in securities maturing more than two years from the date of purchase. Reserve funds may be invested in securities exceeding two years if the maturity is made to coincide with the expected use of the funds.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Exchange Traded Funds	\$ 71,031	\$ 71,031	\$ -	\$ -	\$ -
Mutual Funds	792,131	792,131	-	-	-
Wisconsin Local Government Investment Pool	21,310,271	21,310,271	-	-	-
Totals	\$ 22,173,433	\$ 22,173,433	\$ -	\$ -	\$ -

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$21,310,271 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. 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, 2014, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

2. Restricted Assets

Restricted assets on December 31, 2014 totaled \$1,324,557 and consisted of cash and investments held for the following purposes:

	Swanson Library Endowment	Water Utility	Sewer Utility	Total
Restricted Cash and Investments				
Library endowment	\$ 111,637	\$ -	\$ -	\$ 111,637
Plant and equipment replacement fund	-	351,237	861,683	1,212,920
Total	<u>\$ 111,637</u>	<u>\$ 351,237</u>	<u>\$ 861,683</u>	<u>\$ 1,324,557</u>

Grant requirement, bond covenants, and restricted donations require the City to restrict cash and investments, as summarized below:

Library endowment

A donor established an endowment with the Library which requires the original gift plus appreciation to be held in perpetuity. Income is available to be spent by the Library.

Plant and equipment replacement fund

Represents resources set aside to fund plant renewals and replacements or make up potential future deficiencies in the redemption account.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,601,266	\$ -	\$ -	\$ 3,601,266
Construction in progress	-	162,152	-	162,152
Subtotals	<u>3,601,266</u>	<u>162,152</u>	<u>-</u>	<u>3,763,418</u>
Capital assets, being depreciated:				
Land improvements	219,443	-	-	219,443
Buildings	12,902,698	113,993	-	13,016,691
Machinery and equipment	10,738,417	403,101	12,479	11,129,039
Infrastructure	85,193,629	470,419	-	85,664,048
Subtotals	<u>109,054,187</u>	<u>987,513</u>	<u>12,479</u>	<u>110,029,221</u>
Less accumulated depreciation for:				
Land improvements	16,331	9,614	-	25,945
Buildings	7,968,492	312,354	-	8,280,846
Machinery and equipment	8,461,361	457,163	12,479	8,906,045
Infrastructure	61,266,320	3,748,759	-	65,015,079
Subtotals	<u>77,712,504</u>	<u>4,527,890</u>	<u>12,479</u>	<u>82,227,915</u>
Total capital assets, being depreciated, net	<u>31,341,683</u>	<u>(3,540,377)</u>	<u>-</u>	<u>27,801,306</u>
Governmental activities capital assets, net	<u>\$ 34,942,949</u>	<u>\$ (3,378,225)</u>	<u>\$ -</u>	<u>31,564,724</u>
Less related long-term debt outstanding				<u>5,094,271</u>
Net investment in capital assets				<u>\$ 26,470,453</u>

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 765,749	\$ -	\$ -	\$ 765,749
Property held for future use	197,158	-	-	197,158
Construction in progress	24,396	-	24,396	-
Subtotals	<u>987,303</u>	<u>-</u>	<u>24,396</u>	<u>962,907</u>
Capital assets, being depreciated:				
Buildings	7,694,035	-	-	7,694,035
Machinery and equipment	8,325,900	157,899	55,000	8,428,799
Infrastructure	22,931,848	521,559	67,250	23,386,157
Subtotals	<u>38,951,783</u>	<u>679,458</u>	<u>122,250</u>	<u>39,508,991</u>
Less accumulated depreciation	<u>15,858,517</u>	<u>980,863</u>	<u>127,551</u>	<u>16,711,829</u>
Total capital assets, being depreciated, net	<u>23,093,266</u>	<u>(301,405)</u>	<u>(5,301)</u>	<u>22,797,162</u>
Business-type activities capital assets, net	<u>\$ 24,080,569</u>	<u>\$ (301,405)</u>	<u>\$ 19,095</u>	<u>23,760,069</u>
Less related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 23,760,069</u>
Depreciation expense was charged to functions of the City as follows:				
Governmental activities				
General government				\$ 217,033
Public safety				273,795
Public works				3,842,986
Health and human services				19,108
Culture and recreation				174,968
Total depreciation expense - governmental activities				<u>\$ 4,527,890</u>
Business-type activities				
Water				\$ 420,296
Sewer				560,567
Total depreciation expense - business-type activities				<u>\$ 980,863</u>

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Interfund Receivable/Payables, Advance and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2014 are detailed below:

	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	\$ 422,093	\$ 2,874,738
General Debt Service Fund	108,201	-
Capital Improvements Fund	-	242,813
TID No. 4 Capital Projects	448,431	-
Parking Meters and Lots	771,713	-
Lakefront Operations	941,903	71,461
Public Library	100,500	-
Cemetery Operations	118,219	-
Cemetery Perpetual Care	650	-
Impact Fees	-	102,318
Equipment Replacement	669,009	-
Enterprise Funds		
Water Utility	50,662	337,022
Sewer Utility	3,738	6,767
Totals	\$ 3,635,119	\$ 3,635,119

Interfund receivables and payables relate to temporary cash advances for deficit cash, pooled cash transactions and operating accounts.

Interfund transfers for the year ended December 31, 2014 were as follows:

	Transfer to:			
	General	TID No. 4 Capital Projects	Cemetery Operations	Totals
Transfers from:				
General Fund	\$ -	\$ -	\$ 166,888	\$ 166,888
Parking Meters and Lots	586,907	-	-	586,907
Lakefront Operations	332,913	9,244	-	342,157
Cemetery Perpetual Care	-	-	13,831	13,831
Water Utility	315,671	-	-	315,671
Totals	\$ 1,235,491	\$ 9,244	\$ 180,719	\$ 1,425,454

Transfers are used to (1) transfer the cemetery appropriation to the cemetery operations fund (\$166,888), (2) parking meters and lots and lakefront operations used for property tax relief (\$919,820), (3) pier revenues allocated to TID No. 4 (\$9,244) and, (4) payment of property tax equivalent by the City's regulated water utility to the general fund (\$315,671).

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2014:

	Outstanding 1/1/14	Issued	Retired	Outstanding 12/31/14	Due Within One Year
Governmental activities:					
General Obligation Debt					
Notes	\$ 5,525,000	\$ 2,560,000	\$ 880,000	\$ 7,205,000	\$ 915,000
Debt premium	-	105,371	4,092	101,279	12,276
Alliant Energy notes	7,598	-	2,624	4,974	2,704
Compensated absences	172,006	-	22,424	149,582	-
Post-employment benefits payable	1,772,594	396,393	139,777	2,029,210	-
Governmental activities Long-term obligations	\$ 7,477,198	\$ 3,061,764	\$ 1,048,917	\$ 9,490,045	\$ 929,980
Business-type activities:					
Compensated absences	\$ 35,962	\$ 8,790	\$ -	\$ 44,752	\$ -
Post-employment benefits payable	147,965	15,393	-	163,358	-
Business-type activities Long-term obligations	\$ 183,927	\$ 24,183	\$ -	\$ 208,110	\$ -

Total interest paid during the year on long-term debt totaled \$155,755.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$4,390,000 issued 12/15/06; \$890,000 to \$930,000 due annually through 2016; interest 4.00%	\$ 1,820,000
\$2,980,000 issued 07/01/11; \$25,000 to \$585,000 due annually through 2021; interest 1.50% to 2.70%	2,825,000
\$2,560,000 issued 8/27/14; \$350,000 to \$385,000 due annually from 2017 through 2023; interest 2.00% to 3.00%	<u>2,560,000</u>
Total Outstanding General Obligation Debt	<u>\$ 7,205,000</u>

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Alliant Energy Notes

Alliant Energy has installed equipment in City facilities to reduce the City's annual energy consumption. The City has entered into agreements to repay Alliant Energy over five years. Alliant Energy notes currently outstanding are detailed as follows:

Alliant Energy Notes

\$7,782 issued 08/29/11; \$140 principal and interest payment due monthly through 2016; interest 3.00%	\$ 2,857
\$5,278 issued 08/29/11; \$95 principal and interest payment due monthly through 2016; interest 3.00%	<u>2,117</u>
Total Outstanding Alliant Energy Notes	<u>\$ 4,974</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$7,205,000 and Alliant Energy notes of \$4,974 on December 31, 2014 are as detailed below:

Year Ended December 31	Governmental Activities					
	General Obligation		Alliant Energy Notes		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 915,000	\$ 194,101	\$ 2,704	\$ 112	\$ 917,704	\$ 194,213
2016	955,000	148,963	2,270	31	957,270	148,994
2017	875,000	120,200	-	-	875,000	120,200
2018	895,000	99,230	-	-	895,000	99,230
2019	910,000	76,250	-	-	910,000	76,250
2020-2023	2,655,000	93,628	-	-	2,655,000	93,628
	<u>\$ 7,205,000</u>	<u>\$ 732,372</u>	<u>\$ 4,974</u>	<u>\$ 143</u>	<u>\$ 7,209,974</u>	<u>\$ 732,515</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2014 was \$51,324,326 as follows:

Equalized valuation of the City	\$ 1,168,422,500
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	58,421,125
Total outstanding general obligation debt applicable to debt limitation	\$ 7,205,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>(108,201)</u>
Net outstanding general obligation debt applicable to debt limitation	<u>7,096,799</u>
Legal Margin for New Debt	<u><u>\$ 51,324,326</u></u>

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Tower Rental Income

The City of Lake Geneva rents space on its water towers to various lessees for the mounting of telecommunications equipment. Rental income for the year ended December 31, 2014 was \$193,230. The remaining future rental payments due on the leases are as follows:

Year Ended December 31	Amount
2015	\$ 207,056
2016	216,760
2017	216,760
2018	236,913
2019	247,237
	<u>\$ 1,124,726</u>

7. Fund Equity

Portions of the City's fund balance have been assigned on December 31, 2014 as follows:

Funds/Departments	Purpose	Balance
General Fund		
Fire department	Donations	\$ 12,126
Fire department	CPR revenue	4,710
Police department	Uniform allowance	5,656
Police department	Other	3,500
Police department	Donations	2,642
Police department	State seizures	1,984
Ambulance	EMS Act 102 program	6,104
Historical preservation	Donations	2,892
Post-employment	Post-employment liability	307,541
		<u>347,155</u>
Special revenue funds		
Parking meters and lots	Operations	750,001
Lakefront operations	Operations	759,857
Cemetery operations	Operations	112,636
		<u>1,622,494</u>
Capital projects funds		
Impact fees	Impact fees	46,113
		<u>46,113</u>
Total Assigned Fund Balance		<u>\$ 2,015,762</u>

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Fund Equity

The City Council adopted a minimum fund balance policy in 2006, whereas the unassigned fund balance be equivalent to three months of expenditures of general fund. This amount is to be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2014 general fund expenditures		\$	8,250,819
Minimum fund balance %			25%
Minimum fund balance amount			\$ 2,062,705

The City's unassigned fund balance of \$2,261,724 meets the minimum fund balance amount.

8. Component Unit

This report contains Downtown Lake Geneva Business Improvement District ("BID"), which is included as a discretely presented component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

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

a. Basis of Accounting/Measurement Focus

BID follows the accrual basis of accounting wherein revenues and expenses are recorded in the period earned or incurred.

b. Deposits and Investments

At year-end, the carrying amount of BID deposits was \$93,012 and the bank balance was \$96,968. The entire bank balance was covered by federal depository insurance.

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

Contribution rates for 2014 were:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for City employees covered by the WRS for the year ended December 31, 2014 was \$4,447,618; the employer's total payroll was \$5,074,557. The total required contribution for the year ended December 31, 2014 was \$689,374, which consisted of \$373,260 or 8.4% of covered payroll from the employer, and \$316,114, or 7.1% of covered payroll from employees. Total contributions for the years ended December 31, 2013 and 2012 were \$653,499 and \$594,826, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application 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 on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. Other Postemployment Benefits

Plan Description. The City operates a single-employer retiree benefit plan that provides postemployment health benefits to eligible employees and their families. There were 64 active and 10 retired members in the plan as of December 31, 2014. Benefits and eligibility for employees are established and amended through collective bargaining with the recognized bargaining agent for each group; and include postemployment health 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.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

Annual Required Contribution and Net OPEB Obligation. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the 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 unfunded 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 contributed to the plan, and changes in the City's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 427,207
Interest on net OPEB	86,425
Adjustment to annual required contribution	<u>(101,846)</u>
Annual OPEB cost (expense)	411,786
Contributions made	<u>139,777</u>
Change in net OPEB obligation	272,009
OPEB obligation - beginning of year	<u>1,920,559</u>
OPEB obligation - end of year	<u><u>\$ 2,192,568</u></u>

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	30 year open level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.50%
Healthcare cost trend rate	8.00% initial 5.00% ultimate
Projected salary increases	Not applicable

Demographic assumptions are based on those used to value the pension plan of the Wisconsin Retirement System with some consideration given to differences exhibited by the employees.

Trend Information - The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 411,786	34%	\$ 2,192,568
12/31/2013	392,328	56%	1,920,559
12/31/2012	456,724	33%	1,748,473

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2012	\$ -	\$ 3,132,602	0%	\$ 3,132,602	\$ 3,778,432	82.9%
2008	\$ -	\$ 3,081,962	0%	\$ 3,081,962	\$ 4,098,954	75.2%

Projections of benefits for financial 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. 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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

3. Risk Management

The City is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The City has chosen to retain a portion of the risks through self-insurance programs and has also purchased insurance to transfer other risks to outside parties. A description of the City's risk management programs is presented below:

The City maintains self-insurance for medical insurance. The claims liability of \$184,289 reported in the general fund at December 31, 2014 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claim liability amount for 2013 and 2014 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Payments	Liability December 31
2013	\$ 135,691	\$ 2,010,514	\$ 1,980,241	\$ 165,964
2014	\$ 165,964	\$ 2,145,143	\$ 2,126,818	\$ 184,289

The City also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are recorded as expenditures or expenses in various other funds of the City. Settlements have not exceeded insurance coverage for each of the past three years. There have also been no significant changes in insurance coverage from the prior year.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

4. Contingencies

- a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
- b. From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

5. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2014 and 2015 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2014 budget was .543%. The actual limit for the City for the 2015 budget was .645%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

6. Tax Incremental Financing Districts

The City has established a separate capital projects fund for a Tax Incremental Financing Districts (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TID was created, the property tax base within the TID was "frozen" and increment taxes resulting from increases to the property tax base are used to finance TID improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's district is still eligible to incur project costs.

Since creation of the above TID, the City has provided various financing sources to the TID and has also recorded eligible TID project costs in other funds of the City. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues.

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective TID's. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	TID No. 4
Termination year	9/11/2022

7. Customer User Rates

Rates currently charged for water service as of December 31, 2014 were authorized by the Wisconsin Public Service Commission on November 26, 1991. Rates currently charged for sewer service as of December 31, 2014 were authorized by the City of Lake Geneva on April 1, 2013.

CITY OF LAKE GENEVA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

8. Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component unit statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE GENEVA, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2014

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2012	\$ -	\$ 3,132,602	0.00%	\$ 3,132,602	\$ 3,778,432	82.9%
2008	-	3,081,962	0.00%	3,081,962	4,098,954	75.2%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008.
Information for prior years is not available.

CITY OF LAKE GENEVA, WISCONSIN
Schedule of Employer Contributions
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2014

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$ 149,656	\$ 384,299	39%
2013	220,242	416,366	53%
2014	139,777	427,207	33%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008.

SUPPLEMENTARY INFORMATION

CITY OF LAKE GENEVA, WISCONSIN

General Fund

Detailed Comparison of Revenues and Other Financing Sources - Budget and Actual

For the Year Ended December 31, 2014

(With comparative financial information for the year ended December 31, 2013)

	Budgeted Amounts		2014 Actual Amounts	Variance Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
Taxes					
General property	\$ 4,741,441	\$ 4,741,441	\$ 4,640,141	\$ (101,300)	\$ 4,609,001
Omitted and other taxes	-	-	4,704	4,704	13,691
Mobile home	4,400	4,400	5,295	895	4,777
Room tax	420,000	420,000	522,821	102,821	470,680
Sales tax discount	350	350	408	58	458
Interest on taxes	900	900	817	(83)	1,531
Total Taxes	5,167,091	5,167,091	5,174,186	7,095	5,100,138
Special Assessments					
Curb and gutter	1,585	1,585	1,586	1	4,253
Intergovernmental					
Recycling	23,500	23,500	23,857	357	23,884
State shared revenues	107,217	107,217	107,529	312	109,153
Police department	11,980	11,980	12,997	1,017	10,561
Fire department	42,500	42,500	46,957	4,457	44,147
Emergency management	-	-	23,608	23,608	10,165
State aid for highways	729,650	729,650	729,253	(397)	714,665
Municipal services	3,000	3,000	2,537	(463)	3,162
Exempt computer	16,000	16,000	16,400	400	15,781
Aids in lieu of taxes	27,000	27,000	10,000	(17,000)	10,000
GLLEA accounting services	3,000	3,000	3,000	-	3,000
Total Intergovernmental	963,847	963,847	976,138	12,291	944,518
Licenses and Permits					
Licenses					
Liquor and malt beverage licenses	31,000	31,000	31,884	884	31,566
Operators	14,000	14,000	16,760	2,760	17,395
Cable TV franchise fees	110,000	110,000	107,756	(2,244)	112,785
Other business licenses	20,000	20,000	19,625	(375)	23,410
Dog and cat	400	400	481	81	764
Miscellaneous	9,800	9,800	10,875	1,075	10,235
Permits					
Building	75,000	75,000	71,680	(3,320)	110,364
Electrical	13,000	13,000	21,528	8,528	19,892
Plumbing	12,000	12,000	19,020	7,020	17,139
Zoning	15,000	15,000	14,543	(457)	19,668
Other miscellaneous	18,700	18,700	28,961	10,261	39,133
Total Licenses and Permits	318,900	318,900	343,113	24,213	402,351
Fines and Forfeits					
Court penalties and costs	100,900	100,900	129,548	28,648	91,415
Parking violations	14,500	14,500	16,975	2,475	18,725
Restitution	100	100	12	(88)	10,087
Total Fines and Forfeits	115,500	115,500	146,535	31,035	120,227

(Continued)

CITY OF LAKE GENEVA, WISCONSIN

General Fund

Detailed Comparison of Revenues and Other Financing Sources - Budget and Actual (Continued)

For the Year Ended December 31, 2014

(With comparative financial information for the year ended December 31, 2013)

	Budgeted Amounts		2014 Actual Amounts	Variance Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
Public Charges for Services					
General government fees	9,500	9,500	11,919	2,419	14,855
Police department	14,525	14,525	9,569	(4,956)	21,046
Fire department	253,500	253,500	256,478	2,978	269,163
Street department	10,000	10,000	31,774	21,774	25,847
Snow and ice	8,000	8,000	9,124	1,124	16,030
Tree and brush	-	-	695	695	48
Traffic control	1,500	1,500	3,960	2,460	1,970
Parks	4,150	4,150	6,425	2,275	5,014
Miscellaneous fees and charges	300	300	637	337	851
Total Public Charges for Services	301,475	301,475	330,581	29,106	354,824
Intergovernmental Charges for Services					
Police department	94,382	94,382	96,493	2,111	89,334
Fire department	50,000	50,000	68,631	18,631	57,637
TID reimbursement	20,000	20,000	-	(20,000)	-
Total Intergovernmental Charges for Services	164,382	164,382	165,124	742	146,971
Investment income					
Interest income	5,500	5,500	6,732	1,232	8,921
Interest on special assessment	575	575	429	(146)	560
Total Investment Income	6,075	6,075	7,161	1,086	9,481
Miscellaneous					
Insurance recoveries	7,000	7,000	25,728	18,728	30,352
Rent of city property	275	275	151	(124)	451
Donation	7,050	7,050	15,914	8,864	9,737
Miscellaneous	900	900	833	(67)	816
Total Miscellaneous	15,225	15,225	42,626	27,401	41,356
Total Revenues	7,054,080	7,054,080	7,187,050	132,970	7,124,119
Other Financing Sources					
Sale of capital assets	1,000	1,000	8,356	7,356	2,157
Transfers In					
Special Revenue Funds					
Lakefront	416,503	416,503	332,913	(83,590)	378,531
Parking fund	550,589	550,589	586,907	36,318	566,658
Enterprise Fund					
Payment in lieu of tax	300,000	300,000	315,671	15,671	322,173
Total Transfers In	1,267,092	1,267,092	1,235,491	(31,601)	1,267,362
Total Other Financing Sources	1,268,092	1,268,092	1,243,847	(24,245)	1,269,519
Total Revenues and Other Financing Sources	\$ 8,322,172	\$ 8,322,172	\$ 8,430,897	\$ 108,725	\$ 8,393,638

CITY OF LAKE GENEVA, WISCONSIN

General Fund

Detailed Comparison of Expenditures and Other Financing Uses - Budget and Actual

For the Year Ended December 31, 2014

(With comparative financial information for the year ended December 31, 2013)

	Budgeted Amounts		2014 Actual Amounts	Variance Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
General Government					
General government expense	\$ 202,955	\$ 202,955	\$ 164,567	\$ 38,388	\$ 102,346
Insurance	214,500	214,500	209,448	5,052	192,626
Health and other benefits	1,181,900	1,181,900	1,528,316	(346,416)	1,479,664
Common council	38,266	38,266	36,931	1,335	36,414
Municipal court	76,062	76,062	69,579	6,483	70,100
City attorney	76,145	76,145	74,932	1,213	75,301
Outside legal services	20,000	20,000	730	19,270	16,303
Mayor	7,663	7,663	7,213	450	6,736
City administrator	133,947	133,947	111,670	22,277	109,614
City clerk	149,362	149,362	145,783	3,579	126,112
Accounting and data processing	200,175	200,175	193,988	6,187	165,203
City treasurer	7,729	7,729	6,448	1,281	23,107
City assessor	45,700	45,700	45,206	494	45,055
City hall building	176,557	176,557	166,003	10,554	167,483
Total General Government	2,530,961	2,530,961	2,760,814	(229,853)	2,616,064
Public Safety					
Police department	2,644,138	2,644,138	2,585,818	58,320	2,589,825
Fire department	759,756	759,756	715,566	44,190	726,659
Fire hydrant rental	229,000	229,000	229,357	(357)	228,692
Building and zoning	133,409	133,409	127,636	5,773	157,119
Emergency management	34,353	34,353	53,929	(19,576)	40,158
Total Public Safety	3,800,656	3,800,656	3,712,306	88,350	3,742,453
Public Works					
DPW and engineering	9,500	9,500	11,462	(1,962)	5,746
Street and highway	570,876	570,876	556,496	14,380	566,400
Snow and ice	130,415	130,415	159,603	(29,188)	179,364
Tree and brush	95,195	95,195	59,403	35,792	87,131
Compost operations	66,010	66,010	53,304	12,706	66,011
Storm sewer	15,925	15,925	11,294	4,631	19,053
Traffic control	136,860	136,860	134,645	2,215	122,763
Recycling and sanitation	453,475	453,475	452,877	598	442,557
Total Public Works	1,478,256	1,478,256	1,439,084	39,172	1,489,025

(Continued)

CITY OF LAKE GENEVA, WISCONSIN

General Fund

Detailed Comparison of Expenditures and Other Financing Uses - Budget and Actual (Continued)

For the Year Ended December 31, 2014

(With comparative financial information for the year ended December 31, 2013)

	Budgeted Amounts		2014 Actual Amounts	Variance Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
Culture and Recreation					
Parks	115,775	115,775	107,054	8,721	99,556
Veteran's park	37,525	37,525	33,369	4,156	32,016
Leisure activities	33,350	33,350	32,693	657	29,707
Total Culture and Recreation	186,650	186,650	173,116	13,534	161,279
Conservation and development					
Plan commission	4,150	4,150	11,434	(7,284)	10,122
Conservation and development	154,611	154,611	154,065	546	149,574
Total Conservation and Development	158,761	158,761	165,499	(6,738)	159,696
Total Expenditures	8,155,284	8,155,284	8,250,819	(95,535)	8,168,517
Other Financing Uses					
Transfers out					
Special Revenue Funds					
Cemetery	166,888	166,888	166,888	-	166,888
Library	-	-	-	-	90,634
Capital Projects Fund					
Equipment replacement	-	-	-	-	715,000
Total Transfers Out	166,888	166,888	166,888	-	972,522
Total Expenditures and Other Financing Uses	\$ 8,322,172	\$ 8,322,172	\$ 8,417,707	\$ (95,535)	\$ 9,141,039

CITY OF LAKE GENEVA, WISCONSIN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2014

(With summarized financial information as of December 31, 2013)

	Special Revenue Funds				
	Parking Meters and Lots	Lakefront Operations	Public Library	Cemetery Operations	Total
ASSETS					
Cash and investments	\$ -	\$ -	\$ 391,912	\$ -	\$ 391,912
Receivables					
Taxes	-	-	429,000	150,000	579,000
Accounts	2,685	6,903	-	-	9,588
Due from other funds	771,713	941,903	100,500	118,219	1,932,335
Restricted cash and investments	-	-	-	-	-
TOTAL ASSETS	\$ 774,398	\$ 948,806	\$ 921,412	\$ 268,219	\$ 2,912,835
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 18,869	\$ 22,001	\$ 9,183	\$ 483	\$ 50,536
Accrued liabilities	5,528	4,287	15,865	5,100	30,780
Due to other funds	-	71,461	-	-	71,461
Deposits held in trust	-	91,200	-	-	91,200
Total Liabilities	24,397	188,949	25,048	5,583	243,977
Deferred Inflows of Resources					
Property taxes	-	-	429,000	150,000	579,000
Fund Balances					
Nonspendable					
Cemetery perpetual care	-	-	-	-	-
Library endowment	-	-	-	-	-
Restricted					
Library	-	-	467,364	-	467,364
Impact fees	-	-	-	-	-
Committed					
Equipment replacement	-	-	-	-	-
Assigned					
Special revenue funds	750,001	759,857	-	112,636	1,622,494
Capital projects fund	-	-	-	-	-
Total Fund Balances	750,001	759,857	467,364	112,636	2,089,858
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 774,398	\$ 948,806	\$ 921,412	\$ 268,219	\$ 2,912,835

Permanent Funds			Capital Projects Funds			Total Other Governmental Funds	
Cemetery Perpetual Care	Swanson Library Endowment	Total	Equipment Replacement	Impact Fees	Total	2014	2013
\$ 534,843	\$ -	\$ 534,843	\$ -	\$ 306,802	\$ 306,802	\$ 1,233,557	\$ 1,268,071
-	-	-	130,000	-	130,000	709,000	589,888
-	-	-	-	-	-	9,588	1,150
650	-	650	669,009	-	669,009	2,601,994	2,319,412
-	111,637	111,637	-	-	-	111,637	112,501
\$ 535,493	\$ 111,637	\$ 647,130	\$ 799,009	\$ 306,802	\$ 1,105,811	\$ 4,665,776	\$ 4,291,022
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,536	\$ 33,385
650	-	650	-	-	-	31,430	25,002
-	-	-	-	102,318	102,318	173,779	90,714
-	-	-	-	-	-	91,200	86,800
650	-	650	-	102,318	102,318	346,945	235,901
-	-	-	130,000	-	130,000	709,000	589,888
534,843	-	534,843	-	-	-	534,843	503,619
-	111,321	111,321	-	-	-	111,321	110,184
-	316	316	-	-	-	467,680	441,788
-	-	-	-	158,371	158,371	158,371	232,615
-	-	-	669,009	-	669,009	669,009	715,000
-	-	-	-	-	-	1,622,494	1,435,409
-	-	-	-	46,113	46,113	46,113	26,618
534,843	111,637	646,480	669,009	204,484	873,493	3,609,831	3,465,233
\$ 535,493	\$ 111,637	\$ 647,130	\$ 799,009	\$ 306,802	\$ 1,105,811	\$ 4,665,776	\$ 4,291,022

CITY OF LAKE GENEVA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014
(With summarized financial information for the year ended December 31, 2013)

	Special Revenue Funds				
	Parking Meters and Lots	Lakefront Operations	Public Library	Cemetery Operations	Total
Revenues					
Taxes	\$ -	\$ -	\$ 423,000	\$ -	\$ 423,000
Intergovernmental	-	29,454	290,082	-	319,536
Licenses and permits	19,962	-	-	-	19,962
Fines and forfeits	269,577	-	24,484	-	294,061
Public charges for services	919,540	953,488	-	39,467	1,912,495
Investment income	6,484	-	17,540	6	24,030
Miscellaneous	1,047	1,288	14,995	1,265	18,595
Total Revenues	1,216,610	984,230	770,101	40,738	3,011,679
Expenditures					
Current					
Public safety	-	-	-	-	-
Public works	554,702	-	-	-	554,702
Health and human services	-	-	-	176,915	176,915
Culture and recreation	-	567,072	740,530	-	1,307,602
Capital outlay					
Public works	-	-	-	-	-
Health and human services	-	-	-	7,459	7,459
Culture and recreation	-	-	-	-	-
Debt service					
Principal retirement	-	-	1,567	-	1,567
Interest and fiscal charges	-	-	111	-	111
Total Expenditures	554,702	567,072	742,208	184,374	2,048,356
Excess of Revenues Over (Under)					
Expenditures	661,908	417,158	27,893	(143,636)	963,323
Other Financing Sources (Uses)					
Transfers in	-	-	-	180,719	180,719
Transfers out	(586,907)	(342,157)	-	-	(929,064)
Total Other Financing Sources (Uses)	(586,907)	(342,157)	-	180,719	(748,345)
Net Change in Fund Balances	75,001	75,001	27,893	37,083	214,978
Fund Balances - January 1	675,000	684,856	439,471	75,553	1,874,880
Fund Balances - December 31	\$ 750,001	\$ 759,857	\$ 467,364	\$ 112,636	\$ 2,089,858

Permanent Funds			Capital Projects Funds			Total Other Governmental Funds	
Cemetery Perpetual Care	Swanson Library Endowment	Total	Equipment Replacement	Impact Fees	Total	2014	2013
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423,000	\$ 418,000
-	-	-	-	-	-	319,536	303,282
-	-	-	-	-	-	19,962	13,508
-	-	-	-	-	-	294,061	253,921
8,700	-	8,700	-	8,982	8,982	1,930,177	1,968,599
36,355	4,206	40,561	-	252	252	64,843	111,417
-	-	-	-	1,150	1,150	19,745	27,002
45,055	4,206	49,261	-	10,384	10,384	3,071,324	3,095,729
-	-	-	-	59,476	59,476	59,476	410
-	-	-	-	-	-	554,702	494,606
-	-	-	-	-	-	176,915	221,313
-	5,070	5,070	-	-	-	1,312,672	1,333,720
-	-	-	45,991	-	45,991	45,991	-
-	-	-	-	-	-	7,459	-
-	-	-	-	5,657	5,657	5,657	17,843
-	-	-	-	-	-	1,567	1,520
-	-	-	-	-	-	111	158
-	5,070	5,070	45,991	65,133	111,124	2,164,550	2,069,570
45,055	(864)	44,191	(45,991)	(54,749)	(100,740)	906,774	1,026,159
-	-	-	-	-	-	180,719	985,237
(13,831)	-	(13,831)	-	-	-	(942,895)	(979,785)
(13,831)	-	(13,831)	-	-	-	(762,176)	5,452
31,224	(864)	30,360	(45,991)	(54,749)	(100,740)	144,598	1,031,611
503,619	112,501	616,120	715,000	259,233	974,233	3,465,233	2,433,622
\$ 534,843	\$ 111,637	\$ 646,480	\$ 669,009	\$ 204,484	\$ 873,493	\$ 3,609,831	\$ 3,465,233

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

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

To the Mayor and City Council
City of Lake Geneva, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Geneva, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Lake Geneva's basic financial statements, and have issued our report thereon dated May 22, 2015. Our report includes a reference to other auditors. Other auditors audited the Lake Geneva Utility Commission, as described in our report on the City's financial statements. The financial statements of the Downtown Lake Geneva Business Improvement District, and Lake Geneva Utility Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

City of Lake Geneva, Wisconsin's Response to Findings

City of Lake Geneva, Wisconsin's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. City of Lake Geneva, Wisconsin's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
May 22, 2015

CITY OF LAKE GENEVA, WISCONSIN
 Schedule of Findings and Responses
 For the Year Ended December 31, 2014

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2014-001	<p>Segregation of Duties</p> <p>Condition: A limited number of City employees perform the majority of the accounting functions for the City of Lake Geneva.</p> <p>Criteria: Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.</p> <p>Cause: The lack of segregation of duties is due to the limited number of employees and the size of City's operations. In addition, the City has not conducted a risk assessment and analysis of its internal controls to identify compensating controls and other potential opportunities to enhance its control structure.</p> <p>Effect: Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction. Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.</p> <p>Recommendation: We recommend the City Council continue to monitor the transactions and the financial records of the City. We further recommend the City complete a risk assessment and analysis of its internal controls to identify opportunities to strengthen and enhance controls over financial reporting.</p> <p>Management Response: Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.</p>

CITY OF LAKE GENEVA, WISCONSIN
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2014

Section I - Internal Control Over Financial Reporting (Continued)

Finding No.	Control Deficiencies
2014-002	Preparation of Annual Financial Report
Condition:	Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the City contracts with us to compile the Wisconsin Municipal Financial Report Form C
Criteria:	The preparation and review of the annual financial report and municipal financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report and municipal financial report.
Management Response:	Management believes the cost for additional staff time and training to prepare GASB 34 conversion entries outweigh the benefits to be received. Management has reviewed and approved the financial statements and other information prior to issuance.

Section II - Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under government auditing standards generally accepted in the United States of America for the year ended December 31, 2014.