

City of Lake Geneva, Wisconsin
ANNUAL FINANCIAL REPORT

December 31, 2019



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City of Lake Geneva, Wisconsin

DECEMBER 31, 2019

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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, 2019, 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 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, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Parking Meters and Lots special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 4.E. to the financial statements, the City adopted new accounting guidance, Statement No 84, *Fiduciary Funds*. Our opinions are not modified with respect to this matter.

OTHER MATTERS**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the schedules relating to pensions and other postemployment benefits on pages 59 through 61 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.

Prior-Year Comparative Information

We have previously audited the City's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated August 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit for the year ended December 31, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Geneva, Wisconsin's basic financial statements. The general fund budgetary schedules and combining nonmajor fund financial statements for the year ended December 31, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The general fund budgetary schedules and combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended December 31, 2019, 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 general fund budgetary schedules and combining nonmajor fund financial statements is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Lake Geneva, Wisconsin as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated August 23, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The general fund budgetary schedules for the year ended December 31, 2018 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The general fund budgetary schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
August 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Lake Geneva, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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, 2019.

Financial Highlights

- As of the December 31, 2019, the assets and deferred outflows of the City of Lake Geneva exceeded its liabilities and deferred inflows of resources by \$53,891,486. This represents a 1.1% decrease over the 2018 net position balance of \$54,499,394. The decrease is due primarily to the decrease in investment of capital assets and increase in net pension liability.
- The general fund balance at the end of 2019 was \$5,275,466, an increase of \$290,809 from the prior year.
- Of the general fund balance \$272,879 is non-spendable for prepaid items and delinquent taxes, \$15,000 is restricted for an adaptive playground, \$547,018 has been assigned for various uses, and \$4,440,569 is currently unassigned.
- The outstanding general obligation debt as of December 31, 2019 is \$3,455,000. This compares to \$4,365,000 at the end of 2018.

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.

Statement of Net Position. 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 10 - 11 of this report.)

Statement of Activities. 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 12 - 13 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.

City of Lake Geneva, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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, Parking Meters and Lots, Equipment Replacement, and General Debt Service.

- General Fund: Accounts for the City's primary operating activities.
- Parking Meters and Lots: Accounts for resources collected from parking meters and parking citations, which using resources for operations and related capital improvements.
- Equipment Replacement Fund: Accounts for special tax levy and sale of equipment revenue to be used for equipment replacement.
- General Debt Service Fund: Accounts for financial resources and payments made on long-term general obligation debt.

The net change in fund balances for the year is a decrease of \$211,011. The total fund balance for all governmental funds is \$11,925,532. (See pages 14 - 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 was an increase of \$316,864 and the Sewer Utility had an increase of \$321,917. The Water Utility and Sewer Utility increases were primarily due to capital contributions of \$132,158 and \$151,459, respectively. The Sewer Utility also had a volumetric rate increase of 19.8% effective December 4, 2018, which was in effect for all four quarters of 2019. Water Utility net position totaled \$13,658,185. Sewer Utility net position totaled \$15,014,025, for a proprietary/enterprise fund total of \$28,672,210. (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. (See page 26-27.)

City of Lake Geneva, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53,891,488 at the close of 2019.

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 20,719,658	\$ 21,675,503	\$ 5,553,794	\$ 4,251,560	\$ 26,273,452	\$ 25,927,063
Capital assets	19,336,327	20,714,011	23,924,837	24,541,265	43,261,164	45,255,276
Total Assets	40,055,985	42,389,514	29,478,631	28,792,825	69,534,616	71,182,339
Deferred outflows of resources	3,493,323	1,928,564	453,702	256,105	3,947,025	2,184,669
Long-term liabilities outstanding	8,115,914	7,574,472	269,249	130,771	8,385,163	7,705,243
Other liabilities	826,068	953,254	750,463	614,245	1,576,531	1,567,499
Total Liabilities	8,941,982	8,527,726	1,019,712	745,016	9,961,694	9,272,742
Deferred inflows of resources	9,388,050	9,324,387	240,411	270,485	9,628,461	9,594,872
Net Position						
Net investment in capital assets	15,841,428	16,296,836	23,924,837	24,541,265	39,766,265	40,838,101
Restricted	1,943,462	2,725,853	2,523,663	1,298,686	4,467,125	4,024,539
Unrestricted	7,434,386	7,443,276	2,223,710	2,193,478	9,658,096	9,636,754
Total Net Position	\$ 25,219,276	\$ 26,465,965	\$ 28,672,210	\$ 28,033,429	\$ 53,891,486	\$ 54,499,394

By far the largest portion of the City's net position (73.8%) 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 (8.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$9,658,096 may be used to meet the City's ongoing obligations to citizens and creditors.

City of Lake Geneva, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Change in net position. Governmental activities decreased the City's net position by \$1,246,689 and business-type activities increased the City's net position by \$638,781 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	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for services	\$ 4,653,313	\$ 4,731,102	\$ 4,010,064	\$ 3,644,150	\$ 8,663,377	\$ 8,375,252
Operating grants and contributions	843,375	861,053	-	-	843,375	861,053
Capital grants and contributions	5,749	16,615	151,459	1,279,371	157,208	1,295,986
General Revenues						
Property taxes	7,271,712	7,166,824	-	-	7,271,712	7,166,824
Other taxes	807,430	714,677	-	-	807,430	714,677
Grants and contributions not restricted to specific programs	166,721	141,629	-	-	166,721	141,629
Other	630,713	915,561	62,733	32,924	693,446	948,485
Total Revenues	14,379,013	14,547,461	4,224,256	4,956,445	18,603,269	19,503,906
Expenses						
General government	2,145,882	2,829,044	-	-	2,145,882	2,829,044
Public safety	6,075,144	4,470,266	-	-	6,075,144	4,470,266
Public works	5,105,897	6,193,110	-	-	5,105,897	6,193,110
Health and human services	213,856	230,109	-	-	213,856	230,109
Culture and recreation	1,844,000	1,772,976	-	-	1,844,000	1,772,976
Conservation and development	475,126	301,500	-	-	475,126	301,500
Interest and fiscal charges	71,705	116,865	-	-	71,705	116,865
Water utility	-	-	1,371,910	1,296,932	1,371,910	1,296,932
Sewer utility	-	-	1,907,657	1,839,205	1,907,657	1,839,205
Loss on disposal of asset	-	-	-	-	-	-
Total Expenses	15,931,610	15,913,870	3,279,567	3,136,137	19,211,177	19,050,007
Increase in Net Position						
Before Transfers	(1,552,597)	(1,366,409)	944,689	1,820,308	(607,908)	453,899
Transfers	305,908	310,011	(305,908)	(310,011)	-	-
Change in Net Position	(1,246,689)	(1,056,398)	638,781	1,510,297	(607,908)	453,899
Net Position - January 1, as originally stated	26,465,965	28,160,207	28,033,429	26,434,501	54,499,394	54,594,708
Cumulative Effect of Change in Accounting Principle						
	-	(637,844)	-	88,631	-	(549,213)
Net Position - January 1, as restated	26,465,965	27,522,363	28,033,429	26,523,132	54,499,394	54,045,495
Net Position - December 31	\$ 25,219,276	\$ 26,465,965	\$ 28,672,210	\$ 28,033,429	\$ 53,891,486	\$ 54,499,394

City of Lake Geneva, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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 20 of this report.)

General Fund Revenues and Transfers In	
Budget	\$ 9,736,806
Actual	10,013,072
Variance	\$ 276,266

The positive revenue variance was primarily due to the following:

- Public charges for services exceeded budget by \$118,393 – related to increase in Fire/EMS billing revenue.
- Miscellaneous revenues exceeded budget by \$82,316 – mostly related to interest income.

General Fund Expenditures and Transfers Out	
Budget	\$ 10,080,735
Actual	9,722,263
Variance	\$ 358,472

The functions with significant budget variances are listed below:

- General government fell short of budget by \$455,489 – mostly related to health and other benefits.
- Public safety fell short of budget by \$192,368 – mostly related to the police department.
- Transfers out exceeded budget by \$353,000 – related to transfer to capital projects fund.

General Fund Balance	
Beginning of year	\$ 4,984,657
End of the year	5,275,466
Change in Fund Balance	\$ 290,809

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 \$13,658,185, an increase of \$316,864 from the prior year. Operating income for the water utility fund totaled \$468,175.

Net position of the sewer utility at the end of the year totaled \$15,014,025, an increase of \$321,917 from the prior year. Operating income for the sewer utility fund totaled \$130,164.

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

City of Lake Geneva, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

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, 2019 amounts to \$43,261,164 (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	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,576,085	\$ 3,576,085	\$ 736,372	\$ 728,872	\$ 4,312,457	\$ 4,304,957
Property held for future	-	-	197,158	197,158	197,158	197,158
Construction in progress	85,371	99,714	84,799	84,094	170,170	183,808
Buildings	13,310,812	13,259,046	9,109,389	9,109,389	22,420,201	22,368,435
Land improvements	861,345	861,345	36,877	36,877	898,222	898,222
Machinery and equipment	13,621,077	12,620,928	10,990,217	10,768,708	24,611,294	23,389,636
Infrastructure	88,915,823	88,438,758	24,130,498	24,022,719	113,046,321	112,461,477
Accumulated depreciation	(101,034,186)	(98,141,865)	(21,360,473)	(20,406,552)	(122,394,659)	(118,548,417)
Total	\$ 19,336,327	\$ 20,714,011	\$ 23,924,837	\$ 24,541,265	\$ 43,261,164	\$ 45,255,276

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$3,455,000.

City of Lake Geneva, Wisconsin's Capital Assets						
General Obligation Debt						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General Obligation Debt						
Notes	\$ 3,455,000	\$ 4,365,000	\$ -	\$ -	\$ 3,455,000	\$ 4,365,000

Debt Service - Governmental Activities: (Page 42) All general obligation notes are backed by the full faith and credit of the City. 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, 2019 was \$73,318,735. Total general obligation debt outstanding at year-end was \$3,455,000. The outstanding GO debt applicable to the debt limit represents 4.6% 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 2020 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 2019 audit in detail. If you would like additional information regarding the audit report, please contact City Administrator David Nord (262-248-3673) or City Finance Director/Comptroller Karen Hall (262-248-3673).

BASIC FINANCIAL STATEMENTS

City of Lake Geneva, Wisconsin

STATEMENT OF NET POSITION

DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 13,761,153	\$ 2,039,628	\$ 15,800,781	\$ 13,696,941
Receivables				
Taxes and special charges	5,252,834	-	5,252,834	7,277,968
Delinquent taxes and special charges	8,576	-	8,576	18,071
Accounts, net	446,070	799,444	1,245,514	1,027,207
Special assessments	245,726	382,854	628,580	633,510
Other	-	15,514	15,514	48,290
Internal balances	305,908	(305,908)	-	-
Due from other governments	-	11,683	11,683	9,045
Inventories and prepaid items	264,303	86,916	351,219	522,127
Restricted assets				
Cash and investments	435,088	2,523,663	2,958,751	1,544,562
Net pension asset	-	-	-	1,149,342
Capital assets, nondepreciable	3,661,456	1,018,329	4,679,785	4,685,923
Capital assets, depreciable	15,674,871	22,906,508	38,581,379	40,569,353
Total assets	40,055,985	29,478,631	69,534,616	71,182,339
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	3,456,519	448,883	3,905,402	2,152,089
Other postemployment related amounts	36,804	4,819	41,623	32,580
Total deferred outflows of resources	3,493,323	453,702	3,947,025	2,184,669
LIABILITIES				
Accounts payable	592,484	305,238	897,722	820,753
Accrued and other current liabilities	165,247	18,316	183,563	236,803
Due to other governments	70	-	70	11,859
Accrued interest payable	16,067	-	16,067	27,557
Special deposits	52,200	4,600	56,800	49,840
Unearned revenues	-	422,309	422,309	420,687
Long-term obligations				
Due within one year	947,276	-	947,276	922,276
Due in more than one year	2,700,144	52,459	2,752,603	3,666,894
Net pension liability	1,268,106	166,091	1,434,197	-
Other postemployment benefits	3,200,388	50,699	3,251,087	3,116,073
Total liabilities	8,941,982	1,019,712	9,961,694	9,272,742
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	7,550,253	-	7,550,253	7,271,671
Other	2,249	-	2,249	22,793
Pension related amounts	1,749,674	229,166	1,978,840	2,265,767
Other postemployment related amounts	85,874	11,245	97,119	34,641
Total deferred inflows of resources	9,388,050	240,411	9,628,461	9,594,872
NET POSITION				
Net investment in capital assets	15,740,698	23,689,658	39,430,356	40,838,101
Restricted	1,943,462	2,523,663	4,467,125	4,024,539
Unrestricted	7,535,116	2,458,889	9,994,005	9,636,754
Total net position	\$ 25,219,276	\$ 28,672,210	\$ 53,891,486	\$ 54,499,394

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

City of Lake Geneva, Wisconsin

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,145,882	\$ 377,617	\$ 292	\$ -
Public safety	6,075,144	1,284,947	87,203	-
Public works	5,105,897	1,605,277	720,556	422
Health and human services	213,856	70,975	-	-
Culture and recreation	1,844,000	1,314,497	35,183	5,327
Conservation and development	475,126	-	141	-
Interest and fiscal charges	71,705	-	-	-
Total governmental activities	15,931,610	4,653,313	843,375	5,749
BUSINESS-TYPE ACTIVITIES				
Water utility	1,371,910	1,972,243	-	-
Sewer utility	1,907,657	2,037,821	-	151,459
Total business-type activities	3,279,567	4,010,064	-	151,459
Total primary government	<u>\$ 19,211,177</u>	<u>\$ 8,663,377</u>	<u>\$ 843,375</u>	<u>\$ 157,208</u>
COMPONENT UNIT				
Business improvement district	<u>\$ 262,435</u>	<u>\$ -</u>	<u>\$ 46,065</u>	<u>\$ -</u>

General revenues
 Taxes
 Property taxes, levied for general purposes
 Other taxes
 Federal and state grants and other contributions
 not restricted to specific functions
 Interest and investment earnings
 Miscellaneous
 Gain on disposal of asset
 Transfers

Total general revenues and transfers

Change in net position

Net position - January 1, as originally stated

Cumulative effect of change in accounting principle

Net position - January 1, as restated

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	Totals		Component Unit	
		2019	2018	2019	2018
\$ (1,767,973)	\$ -	\$ (1,767,973)	\$ (2,444,362)	\$ -	\$ -
(4,702,994)	-	(4,702,994)	(3,287,834)	-	-
(2,779,642)	-	(2,779,642)	(3,703,466)	-	-
(142,881)	-	(142,881)	(176,120)	-	-
(488,993)	-	(488,993)	(275,989)	-	-
(474,985)	-	(474,985)	(300,464)	-	-
(71,705)	-	(71,705)	(116,865)	-	-
<u>(10,429,173)</u>	<u>-</u>	<u>(10,429,173)</u>	<u>(10,305,100)</u>	<u>-</u>	<u>-</u>
-	600,333	600,333	1,143,005	-	-
-	281,623	281,623	644,379	-	-
-	881,956	881,956	1,787,384	-	-
<u>(10,429,173)</u>	<u>881,956</u>	<u>(9,547,217)</u>	<u>(8,517,716)</u>	<u>-</u>	<u>-</u>
-	-	-	-	(216,370)	(241,227)
7,271,712	-	7,271,712	7,166,824	-	-
807,430	-	807,430	714,677	197,795	199,177
166,721	-	166,721	141,629	-	-
435,907	62,733	498,640	220,082	1,114	3,785
194,055	-	194,055	218,171	-	18,750
751	-	751	510,232	-	-
305,908	(305,908)	-	-	-	-
<u>9,182,484</u>	<u>(243,175)</u>	<u>8,939,309</u>	<u>8,971,615</u>	<u>198,909</u>	<u>221,712</u>
<u>(1,246,689)</u>	<u>638,781</u>	<u>(607,908)</u>	<u>453,899</u>	<u>(17,461)</u>	<u>(19,515)</u>
26,465,965	28,033,429	54,499,394	54,594,708	(39,651)	(20,136)
-	-	-	(549,213)	-	-
<u>26,465,965</u>	<u>28,033,429</u>	<u>54,499,394</u>	<u>54,045,495</u>	<u>(39,651)</u>	<u>(20,136)</u>
<u>\$ 25,219,276</u>	<u>\$ 28,672,210</u>	<u>\$ 53,891,486</u>	<u>\$ 54,499,394</u>	<u>\$ (57,112)</u>	<u>\$ (39,651)</u>

City of Lake Geneva, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	General	Parking Meters and Lots	Equipment Replacement	General Debt Service
ASSETS				
Cash and investments	\$ 6,418,489	\$ 1,151,704	\$ 2,405,563	\$ 353,248
Restricted cash and investments	-	-	-	-
Receivables				
Taxes and special charges	3,673,132	-	416,959	721,461
Delinquent taxes	8,576	-	-	-
Accounts, net	438,122	-	-	-
Special assessments	245,726	-	-	-
Due from other funds	305,908	-	-	-
Prepaid items	264,303	-	-	-
	<u>11,354,256</u>	<u>1,151,704</u>	<u>2,822,522</u>	<u>1,074,709</u>
Total assets	<u>\$ 11,354,256</u>	<u>\$ 1,151,704</u>	<u>\$ 2,822,522</u>	<u>\$ 1,074,709</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 249,671	\$ 13,925	\$ 53,706	\$ 4,674
Accrued and other current liabilities	115,386	12,779	-	-
Due to other funds	-	-	-	-
Due to other governments	281	-	-	-
Special deposits	2,500	-	-	-
	<u>367,838</u>	<u>26,704</u>	<u>53,706</u>	<u>4,674</u>
Total liabilities	<u>367,838</u>	<u>26,704</u>	<u>53,706</u>	<u>4,674</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	5,277,078	-	600,000	1,038,175
Special charges assessed	188,708	-	-	-
Special assessments	245,166	-	-	-
	<u>5,710,952</u>	<u>-</u>	<u>600,000</u>	<u>1,038,175</u>
Total deferred inflows of resources	<u>5,710,952</u>	<u>-</u>	<u>600,000</u>	<u>1,038,175</u>
Fund balances				
Nonspendable	272,879	-	-	-
Restricted	15,000	-	-	31,860
Assigned	547,018	1,125,000	2,168,816	-
Unassigned	4,440,569	-	-	-
	<u>5,275,466</u>	<u>1,125,000</u>	<u>2,168,816</u>	<u>31,860</u>
Total fund balances	<u>5,275,466</u>	<u>1,125,000</u>	<u>2,168,816</u>	<u>31,860</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,354,256</u>	<u>\$ 1,151,704</u>	<u>\$ 2,822,522</u>	<u>\$ 1,074,709</u>

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

Other Governmental Funds	Totals	
	2019	2018
\$ 3,432,149	\$ 13,761,153	\$ 11,663,630
435,088	435,088	381,017
441,282	5,252,834	7,277,968
-	8,576	18,071
7,948	446,070	315,957
-	245,726	245,675
-	305,908	310,011
-	264,303	448,973
<u>\$ 4,316,467</u>	<u>\$ 20,719,658</u>	<u>\$ 20,661,302</u>
\$ 297,603	\$ 619,579	\$ 643,071
9,776	137,941	224,418
-	-	-
-	281	13,248
49,700	52,200	44,960
<u>357,079</u>	<u>810,001</u>	<u>925,697</u>
635,000	7,550,253	7,271,671
-	188,708	81,716
-	245,166	245,675
<u>635,000</u>	<u>7,984,127</u>	<u>7,599,062</u>
803,508	1,076,387	989,590
1,109,161	1,156,021	1,030,785
1,411,719	5,252,553	5,961,075
-	4,440,569	4,155,093
<u>3,324,388</u>	<u>11,925,530</u>	<u>12,136,543</u>
<u>\$ 4,316,467</u>	<u>\$ 20,719,658</u>	<u>\$ 20,661,302</u>

City of Lake Geneva, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	2019	2018
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 11,925,530	\$ 12,136,543
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	19,336,327	20,714,011
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	431,625	304,598
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	3,456,519	1,899,815
Deferred inflows related to pensions	(1,749,674)	(1,999,355)
Deferred outflows related to other postemployment benefits	36,804	28,749
Deferred inflows related to other postemployment benefits	(85,874)	(30,568)
Long-term asset are not considered available; therefore, are not reported in the funds:		
Net pension asset	-	1,014,201
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(3,455,000)	(4,365,000)
Premium on debt	(39,899)	(52,175)
Compensated absences	(152,521)	(118,336)
Net pension liability (asset)	(1,268,106)	-
Other postemployment benefit	(3,200,388)	(3,038,961)
Accrued interest on long-term obligations	(16,067)	(27,557)
Net position of governmental activities as reported on the statement of net position (see pages 10 - 11)	\$ 25,219,276	\$ 26,465,965

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, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Parking Meters and Lots</u>	<u>Equipment Replacement</u>	<u>General Debt Service</u>
REVENUES				
Taxes	\$ 5,472,791	\$ -	\$ 677,990	\$ 908,859
Special assessments	931	-	-	-
Intergovernmental	967,828	-	-	-
Licenses and permits	593,057	14,787	-	-
Fines and forfeits	153,099	210,848	-	-
Public charges for services	738,364	1,370,715	-	-
Intergovernmental charges for services	184,692	-	-	-
Interdepartmental charges for services	21,310	-	-	-
Miscellaneous	196,166	36,397	50,993	-
Total revenues	<u>8,328,238</u>	<u>1,632,747</u>	<u>728,983</u>	<u>908,859</u>
EXPENDITURES				
Current				
General government	1,807,953	-	-	-
Public safety	5,110,355	-	-	-
Public works	1,941,585	588,379	-	-
Health and human services	-	-	-	-
Culture and recreation	274,046	-	-	-
Conservation and development	196,395	-	-	-
Debt service				
Principal	-	-	-	910,000
Interest and fiscal charges	-	-	-	95,421
Capital outlay	-	-	1,155,115	-
Total expenditures	<u>9,330,334</u>	<u>588,379</u>	<u>1,155,115</u>	<u>1,005,421</u>
Excess of revenues over (under) expenditures	<u>(1,002,096)</u>	<u>1,044,368</u>	<u>(426,132)</u>	<u>(96,562)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Proceeds from sale of capital assets	2,600	-	14,497	-
Transfers in	1,682,234	-	-	-
Transfers out	(391,929)	(969,368)	-	-
Total other financing sources (uses)	<u>1,292,905</u>	<u>(969,368)</u>	<u>14,497</u>	<u>-</u>
Net change in fund balances	290,809	75,000	(411,635)	(96,562)
Fund balances - January 1	<u>4,984,657</u>	<u>1,050,000</u>	<u>2,580,451</u>	<u>128,422</u>
Fund balances - December 31	<u>\$ 5,275,466</u>	<u>\$ 1,125,000</u>	<u>\$ 2,168,816</u>	<u>\$ 31,860</u>

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

Other Governmental Funds	Totals	
	2019	2018
\$ 1,022,404	\$ 8,082,044	\$ 7,884,203
-	931	720
254,194	1,222,022	1,220,920
-	607,844	737,772
11,850	375,797	465,903
1,132,040	3,241,119	3,221,736
-	184,692	186,278
-	21,310	58,330
233,960	517,516	274,594
<u>2,654,448</u>	<u>14,253,275</u>	<u>14,050,456</u>
-	1,807,953	2,767,350
-	5,110,355	4,189,542
-	2,529,964	2,147,256
194,874	194,874	204,137
1,318,167	1,592,213	1,570,484
278,731	475,126	301,500
-	910,000	895,000
-	95,421	117,914
920,922	2,076,037	1,910,274
<u>2,712,694</u>	<u>14,791,943</u>	<u>14,103,457</u>
<u>(58,246)</u>	<u>(538,668)</u>	<u>(53,001)</u>
-	-	500,000
4,650	21,747	535,413
473,429	2,155,663	2,730,491
<u>(488,458)</u>	<u>(1,849,755)</u>	<u>(2,420,480)</u>
<u>(10,379)</u>	<u>327,655</u>	<u>1,345,424</u>
(68,625)	(211,013)	1,292,423
<u>3,393,013</u>	<u>12,136,543</u>	<u>10,844,120</u>
<u>\$ 3,324,388</u>	<u>\$ 11,925,530</u>	<u>\$ 12,136,543</u>

City of Lake Geneva, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	2019	2018
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ (211,013)	\$ 1,292,423
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 those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	1,890,129	1,740,143
Depreciation expense reported in the statement of activities	(3,246,817)	(4,536,196)
Net book value of disposals	(20,996)	(25,181)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	127,027	(20,508)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	-	(500,000)
Principal repaid	910,000	895,000
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 the governmental funds:		
Accrued interest on long-term debt	11,490	-
Amortization of premiums, discounts and loss on advance refunding	12,276	12,276
Compensated absences	(34,185)	(45,961)
Net pension asset	(1,268,106)	274,383
Net pension liability	(1,014,201)	1,014,201
Deferred outflows of resources related to pensions	1,556,704	(247,878)
Deferred inflows of resources related to pensions	249,681	(1,136,442)
Other postemployment benefits	(161,427)	229,161
Deferred outflows of resources related to other postemployment benefits	8,055	28,749
Deferred inflows of resources related to other postemployment benefits	(55,306)	(30,568)
Change in net position of governmental activities as reported in the statement of activities (see pages 12 - 13)	\$ (1,246,689)	\$ (1,056,398)

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 5,468,010	\$ 5,468,010	\$ 5,472,791	\$ 4,781	\$ 5,210,927
Special assessments	720	720	931	211	720
Intergovernmental	953,320	953,320	967,828	14,508	953,404
Licenses and permits	582,760	597,760	593,057	(4,703)	704,858
Fines and forfeits	160,500	160,500	153,099	(7,401)	156,134
Public charges for services	599,850	619,971	738,364	118,393	581,493
Intergovernmental charges for services	164,265	164,265	184,692	20,427	186,278
Interdepartmental charges for services	-	21,000	21,310	310	58,330
Miscellaneous	113,850	113,850	196,166	82,316	249,065
Total revenues	8,043,275	8,099,396	8,328,238	228,842	8,101,209
EXPENDITURES					
Current					
General government	3,295,879	2,263,442	1,807,953	455,489	2,767,350
Public safety	4,633,311	5,302,723	5,110,355	192,368	4,189,542
Public works	1,685,797	1,987,060	1,941,585	45,475	1,555,992
Culture and recreation	271,195	279,110	274,046	5,064	267,668
Conservation and development	129,134	209,471	196,395	13,076	89,206
Total expenditures	10,015,316	10,041,806	9,330,334	711,472	8,869,758
Excess (deficiency) of revenues under expenditures	(1,972,041)	(1,942,410)	(1,002,096)	940,314	(768,549)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	2,600	2,600	-
Transfers in	1,667,041	1,637,410	1,682,234	44,824	1,914,040
Transfers out	-	(38,929)	(391,929)	(353,000)	(800,000)
Total other financing sources (uses)	1,667,041	1,598,481	1,292,905	(305,576)	1,114,040
Net change in fund balance	(305,000)	(343,929)	290,809	634,738	345,491
Fund balance - January 1	4,984,657	4,984,657	4,984,657	-	4,639,166
Fund balance - December 31	<u>\$ 4,679,657</u>	<u>\$ 4,640,728</u>	<u>\$ 5,275,466</u>	<u>\$ 634,738</u>	<u>\$ 4,984,657</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 - PARKING METERS AND LOTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Licenses and permits	\$ 14,000	\$ 14,000	\$ 14,787	\$ 787	\$ 32,914
Fines and forfeits	245,000	245,000	210,848	(34,152)	292,303
Public charges for services	1,340,000	1,340,000	1,370,715	30,715	1,406,718
Miscellaneous	53,700	53,700	36,397	(17,303)	4,324
Total revenues	<u>1,652,700</u>	<u>1,652,700</u>	<u>1,632,747</u>	<u>(19,953)</u>	<u>1,736,259</u>
EXPENDITURES					
Current					
Public works	<u>684,600</u>	<u>691,826</u>	<u>588,379</u>	<u>103,447</u>	<u>591,264</u>
Excess of revenues over expenditures	968,100	960,874	1,044,368	83,494	1,144,995
OTHER FINANCING USES					
Transfers out	<u>(893,100)</u>	<u>(885,874)</u>	<u>(969,368)</u>	<u>(83,494)</u>	<u>(1,069,995)</u>
Net change in fund balance	75,000	75,000	75,000	-	75,000
Fund balance - January 1	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,050,000</u>	-	<u>975,000</u>
Fund balance - December 31	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ -</u>	<u>\$ 1,050,000</u>

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, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	Water Utility	Sewer Utility	Totals	
			2019	2018
ASSETS				
Current assets				
Cash and investments	\$ 780,245	\$ 1,259,383	\$ 2,039,628	2,033,311
Receivables				
Accounts	378,848	420,596	799,444	711,250
Special assessments	11,905	370,949	382,854	387,835
Other	4,217	11,297	15,514	48,290
Due from other governments	6,268	5,415	11,683	9,045
Inventories and prepaid items	86,916	-	86,916	73,154
Total current assets	<u>1,268,399</u>	<u>2,067,640</u>	<u>3,336,039</u>	<u>3,262,885</u>
Noncurrent assets				
Restricted assets				
Cash and investments	945,277	1,578,386	2,523,663	1,163,545
Other assets				
Net pension asset	-	-	-	135,141
Capital assets				
Nondepreciable	397,668	620,661	1,018,329	1,010,124
Depreciable	11,558,576	11,347,932	22,906,508	23,531,141
Total capital assets	<u>11,956,244</u>	<u>11,968,593</u>	<u>23,924,837</u>	<u>24,541,265</u>
Total assets	<u>14,169,920</u>	<u>15,614,619</u>	<u>29,784,539</u>	<u>29,102,836</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	313,336	135,547	448,883	252,274
Other postemployment related amounts	3,496	1,323	4,819	3,831
Total deferred outflows of resources	<u>316,832</u>	<u>136,870</u>	<u>453,702</u>	<u>256,105</u>
LIABILITIES				
Current liabilities				
Accounts payable	90,125	215,113	305,238	176,293
Accrued and other current liabilities	-	9,083	9,083	12,385
Due to other funds	305,908	-	305,908	310,011
Special deposits	4,600	-	4,600	4,880
Unearned revenue	54,220	368,089	422,309	420,687
Total current liabilities	<u>454,853</u>	<u>592,285</u>	<u>1,047,138</u>	<u>924,256</u>
Long-term obligations, less current portion				
Compensated absences	41,683	20,009	61,692	53,659
Net pension liability	120,467	45,624	166,091	-
Other postemployment benefits	37,190	13,509	50,699	77,112
Total long-term liabilities	<u>199,340</u>	<u>79,142</u>	<u>278,482</u>	<u>130,771</u>
Total liabilities	<u>654,193</u>	<u>671,427</u>	<u>1,325,620</u>	<u>1,055,027</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	166,216	62,950	229,166	266,412
Other postemployment related amounts	8,158	3,087	11,245	4,073
Total deferred inflows of resources	<u>174,374</u>	<u>66,037</u>	<u>240,411</u>	<u>270,485</u>
NET POSITION				
Investment in capital assets	11,894,298	11,795,360	23,689,658	24,541,265
Restricted	945,277	1,578,386	2,523,663	1,298,686
Unrestricted	818,610	1,640,279	2,458,889	2,193,478
Total net position	<u>\$ 13,658,185</u>	<u>\$ 15,014,025</u>	<u>\$ 28,672,210</u>	<u>\$ 28,033,429</u>

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, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Utility	Sewer Utility	Totals	
			2019	2018
OPERATING REVENUES				
Charges for services	\$ 1,708,197	\$ 2,022,140	\$ 3,730,337	\$ 3,379,142
Other	264,046	15,681	279,727	265,008
Total operating revenues	1,972,243	2,037,821	4,010,064	3,644,150
OPERATING EXPENSES				
Operation and maintenance	1,047,171	1,231,703	2,278,874	2,235,876
Depreciation	436,074	650,537	1,086,611	1,024,114
Taxes	20,823	25,417	46,240	50,497
Total operating expenses	1,504,068	1,907,657	3,411,725	3,310,487
Operating income (loss)	468,175	130,164	598,339	333,663
NONOPERATING REVENUES				
Interest income	22,439	40,294	62,733	32,924
Income (loss) before contributions and transfers	490,614	170,458	661,072	366,587
Capital contributions	132,158	151,459	283,617	1,453,721
Transfers out	(305,908)	-	(305,908)	(310,011)
Change in net position	316,864	321,917	638,781	1,510,297
Net position - January 1	13,341,321	14,692,108	28,033,429	26,523,132
Net position - December 31	<u>\$ 13,658,185</u>	<u>\$ 15,014,025</u>	<u>\$ 28,672,210</u>	<u>\$ 28,033,429</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, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Utility	Sewer Utility	Totals	
			2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,974,360	\$ 1,980,924	\$ 3,955,284	\$ 3,617,473
Cash received (paid) for meter depreciation	39,842	(39,842)	-	-
Cash paid for employee wages and benefits	(341,952)	(514,405)	(856,357)	(989,933)
Cash paid to suppliers	(733,848)	(796,907)	(1,530,755)	(1,207,389)
Net cash provided by operating activities	938,402	629,770	1,568,172	1,420,151
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer out	(318,064)	-	(318,064)	(322,167)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(195,581)	(39,423)	(235,004)	(590,385)
Special assessment collections	1,701	3,280	4,981	13,965
Capital contributions	132,158	151,459	283,617	395,311
Net cash provided (used) by capital and related financing activities	(61,722)	115,316	53,594	(181,109)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	22,439	40,294	62,733	32,924
Interest retained in long-term investments	-	-	-	(1,872)
Redemption of long-term investments	269,971	261,361	531,332	153,832
Net cash provided by investing activities	292,410	301,655	594,065	184,884
Change in cash and cash equivalents	851,026	1,046,741	1,897,767	1,101,759
Cash and cash equivalents - January 1	874,496	1,791,028	2,665,524	1,563,765
Cash and cash equivalents - December 31	<u>\$ 1,725,522</u>	<u>\$ 2,837,769</u>	<u>\$ 4,563,291</u>	<u>\$ 2,665,524</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, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Utility	Sewer Utility	Totals	
			2019	2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 468,175	\$ 130,164	\$ 598,339	\$ 333,663
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	436,074	650,537	1,086,611	1,024,114
Depreciation charged to sewer utility	39,842	(39,842)	-	-
Write-off of uncollectible receivables	-	-	-	3,402
Change in pension and OPEB related balances				
Net pension asset/liability	211,731	20,329	232,060	(174,167)
Pension deferred outflow of resources	(140,451)	(56,158)	(196,609)	53,129
Pension deferred inflow of resources	(13,698)	45,624	31,926	143,679
Net OPEB liability	(24,720)	(1,693)	(26,413)	(1,036)
OPEB deferred outflow of resources	(909)	(79)	(988)	(3,831)
OPEB deferred outflow of resources	5,407	1,765	7,172	4,073
Change in operating assets and liabilities				
Accounts receivables	495	(58,551)	(58,056)	(37,035)
Due from other funds	-	-	-	15,453
Inventories and prepaid items	(21,077)	7,315	(13,762)	9,637
Accounts payable	(31,675)	(74,559)	(106,234)	121,225
Accrued and other current liabilities	(5,963)	2,661	(3,302)	(3,437)
Due to other funds	8,053	-	8,053	(64,951)
Special deposits	(280)	-	(280)	4,560
Unearned revenue	1,622	-	1,622	(8,856)
Compensated absences	5,776	2,257	8,033	529
Net cash provided by operating activities	<u>\$ 938,402</u>	<u>\$ 629,770</u>	<u>\$ 1,568,172</u>	<u>\$ 1,420,151</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	\$ 780,245	\$ 1,259,383	\$ 2,039,628	\$ 2,033,311
Cash and cash equivalents in restricted assets	945,277	1,578,386	2,523,663	1,163,545
Less: Long-term investments	-	-	-	(531,332)
Total cash and cash equivalents	<u>\$ 1,725,522</u>	<u>\$ 2,837,769</u>	<u>\$ 4,563,291</u>	<u>\$ 2,665,524</u>
Noncash capital and related financing activities				
Capital assets contributed by developers	\$ -	\$ -	\$ -	\$ 1,058,410
Capital assets purchased on account	61,946	173,233	235,179	-

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

City of Lake Geneva, Wisconsin

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2018**

	Custodial Fund	
	2019	2018
ASSETS		
Current assets		
Cash and investments	<u>\$ 6,878,666</u>	<u>\$ 9,359,292</u>
LIABILITIES		
Current liabilities		
Due to other governments	<u>6,878,666</u>	<u>9,359,292</u>
FIDUCIARY NET POSITON		
Fiduciary net position	<u>\$ -</u>	<u>\$ -</u>

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 FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	Custodial Funds	
	2019	2018
ADDITIONS		
Tax Collections	\$ 14,544,096	\$ 12,822,071
DEDUCTIONS		
Distributions to other governments	14,544,096	12,822,071
Change in fiduciary net position	-	-
Fiduciary net position - January 1	-	-
Fiduciary net position - December 31	<u>\$ -</u>	<u>\$ -</u>

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, 2019

NOTE 1: 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:

A. REPORTING ENTITY

The City 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 is the City's Oak Hill Cemetery operations managed by a three member cemetery commission committee appointed by the mayor and the Tourism Commission managed by a six member committee, consisting of two aldermen and four citizens appointed by the mayor.

In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component unit that is required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

Downtown Lake Geneva Business Improvement District

The Downtown Lake Geneva Business Improvement District (the "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, 2019. Separate financial statements for the BID can be obtained from its office at 626 Geneva Street, Lake Geneva, Wisconsin 53147.

B. 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 are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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*.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service, capital projects and permanent funds. Proprietary funds include enterprise funds. The City has no internal service 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.

Parking Meters and Lots Special Revenue Fund

This fund accounts for collections through parking meters and parking violations, to support wages for monitoring operations and providing resources to support City operations.

Equipment Replacement Capital Projects Fund

This fund accounts for the acquisition of major equipment other than those financed by proprietary fund types.

General Debt Service

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt, except for general obligation debt of the TIF, library expansion, or enterprise funds.

The City reports the following major enterprise funds:

Water Utility Fund

This fund accounts for the operations of the City's water utility.

Sewer Utility Fund

This fund accounts for the operations of the City's sewer utility.

Additionally, the City reports the following fund type:

- ▶ The City accounts for property taxes collected on behalf of other governments in a *custodial fund*.

C. 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 and fiduciary 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.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 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, and fees and fines, 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 proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs 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.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. 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 price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Property Taxes and Special Charges Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City also levies and collects taxes for the United High School District of Lake Geneva - Genoa City Union High, School District of Lake Geneva J1, School District of Linn J4, Walworth County, Gateway Technical College District, and the State of Wisconsin.

3. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectable accounts.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2019 tax roll are recognized as revenue in 2020.) Special assessments are subject to collection procedures.

5. 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 and business-type activities.

6. 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.

7. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds 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, 2019

8. 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 \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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:

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

9. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. 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 and retirements.

10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments and ambulance receivables. These inflows are recognized as revenues in the government-wide financial statements.

11. Long-term Obligations

In the government-wide financial statements, and proprietary funds 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 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 as incurred.

In the fund financial statements, governmental funds 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.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

12. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits Other Than Pensions (OPEB)

Defined Benefit Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Local Retiree Life Insurance Fund

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

14. 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 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.

When both restricted and unrestricted funds are available for expenditure, restricted funds are spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds are spent first, assigned second and unassigned funds last.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

E. SALES TAX

The City collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The City's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

F. 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.

G. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. 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.
2. 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.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. 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.
5. 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, 2019.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

B. 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 2018 and 2019 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2018 budget was 1.17%. The actual limit for the City for the 2019 budget was 1.67%. 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.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. 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 on 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.

The carrying amount of the City's cash and investments totaled \$25,638,198 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 2,385
Deposits with financial institutions	3,544,969
Investments	
Wisconsin local government investment pool	20,934,100
Bond mutual funds	446,600
Equity mutual funds	644,723
Exchange traded funds	55,429
Money market mutual funds	9,992
	<u>\$ 25,638,198</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 15,800,781
Restricted cash and investments	2,958,751
Fiduciary Fund statement of net position	
Custodial fund	6,878,666
	<u>\$ 25,638,198</u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following investments subject to fair value measurements as of December 31, 2019:

Investments	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Bond mutual funds	\$ 446,600	\$ -	\$ -
Equity mutual funds	644,723	-	-
Exchange traded funds	55,429	-	-
Money market mutual funds	9,992	-	-
	<u>\$ 1,156,744</u>	<u>\$ -</u>	<u>\$ -</u>

City of Lake Geneva, Wisconsin

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

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 does not have an additional custodial credit policy.

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. This coverage has been considered in determining custodial credit risk.

As of December 31, 2019, \$1,984,357 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. A line of credit is maintained by the financial institution to cover deposits in excess of federal and state depository insurance limits.

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 investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure				Not Rated
		AAA	Aa	Other		
Wisconsin local government investment pool	\$20,934,100	\$ -	\$ -	\$ -	\$ -	\$20,934,100
Bond mutual funds	446,600	115,612	98,984	39,942	192,062	-
Totals	<u>\$21,380,700</u>	<u>\$115,612</u>	<u>\$98,984</u>	<u>\$39,942</u>	<u>\$192,062</u>	<u>\$20,934,100</u>

The City's investment in bond mutual funds is reported based on the percentage of holdings, as reported by the investment manager. Amounts included in other represents investments held which are rated lower than Aa. The bond mutual funds are held in trust by the library and permanent funds, and consists of 15 funds managed by different investment managers to minimize the risk to the respective funds.

Concentration of Credit Risk

With the exceptions 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. At December 31, 2019, the City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the City investments.

City of Lake Geneva, Wisconsin

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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
Wisconsin local government investment pool	\$ 20,934,100	\$ 20,934,100	\$ -	\$ -	\$ -
Bond mutual funds	446,600	5,057	25,911	169,920	245,712
Totals	\$ 21,380,700	\$ 20,939,157	\$ 25,911	\$ 169,920	\$ 245,712

The City's investment in bond mutual funds is reported based on the average maturities of holdings, as reported by the investment manager. The bond mutual funds are held in trust by the library and permanent funds, and consists of 15 funds managed by different investment managers to minimize the interest rate risk to the respective funds.

Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool of \$20,934,100 at year-end. The 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, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

B. RECEIVABLES

Receivables as of year-end for the City's individual major funds and aggregate nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Equipment Replacement	General Debt Service	Nonmajor Gov't Fund	Water Utility	Sewer Utility	Total
Receivables							
Taxes	\$3,673,132	\$ 416,959	\$ 721,461	\$ 441,282	\$ -	\$ -	\$5,252,834
Delinquent taxes	8,576	-	-	-	-	-	8,576
Accounts	908,325	-	-	7,948	378,848	420,596	1,715,717
Special assessments	245,726	-	-	-	11,905	370,949	628,580
Other	-	-	-	-	4,217	11,297	15,514
Gross receivables	4,835,759	416,959	721,461	449,230	394,970	802,842	7,621,221
Less: Allowance for uncollectibles	470,203	-	-	-	-	-	470,203
Net total receivables	<u>\$4,365,556</u>	<u>\$ 416,959</u>	<u>\$ 721,461</u>	<u>\$ 449,230</u>	<u>\$ 394,970</u>	<u>\$ 802,842</u>	<u>\$7,151,018</u>

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

C. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$2,958,751 and consisted of cash and investments held for the following purposes:

<u>Funds</u>	<u>Amount</u>	<u>Purpose</u>
Special Revenue Funds		
Public Library	\$ 296,551	Donations were restricted for purpose of special projects. A donor established an endowment with the Library which requires the original gifts plus appreciation to be held in perpetuity. Income is to be spent by the Library.
Swanson Library Endowment	<u>138,537</u>	
Total Special Revenue Funds	<u>435,088</u>	
Enterprise Funds		
Water Utility		
Plant and equipment replacement fund	358,411	To be used for the replacement of capital assets of the water distribution plant
Impact fees	586,866	To account for impact fees collected and held by the Utility Commission to finance system improvements
Total Water Utility	<u>945,277</u>	
Sewer Utility		
DNR replacement	918,757	To be used for the replacement of certain assets for the sewer utility
Impact fees	659,629	To account for impact fees collected and held by Utility Commission to finance system improvements
Total Sewer Utility	<u>1,578,386</u>	
Total Enterprise Funds	<u>2,523,663</u>	
Total	<u><u>\$ 2,958,751</u></u>	

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 3,576,085	\$ -	\$ -	\$ 3,576,085
Construction in progress	99,714	23,423	37,766	85,371
Total capital assets, nondepreciable	<u>3,675,799</u>	<u>23,423</u>	<u>37,766</u>	<u>3,661,456</u>
Capital assets, depreciable:				
Land improvements	861,345	-	-	861,345
Buildings and improvements	13,259,046	80,577	28,811	13,310,812
Machinery and equipment	12,620,928	1,048,243	48,094	13,621,077
Infrastructure	88,438,758	775,652	298,587	88,915,823
Subtotals	<u>115,180,077</u>	<u>1,904,472</u>	<u>375,492</u>	<u>116,709,057</u>
Less accumulated depreciation for:				
Land improvements	117,295	32,037	-	149,332
Buildings and improvements	9,535,187	317,343	18,858	9,833,672
Machinery and equipment	9,866,974	594,974	37,051	10,424,897
Infrastructure	78,622,409	2,302,463	298,587	80,626,285
Subtotals	<u>98,141,865</u>	<u>3,246,817</u>	<u>354,496</u>	<u>101,034,186</u>
Total capital assets, depreciable, net	<u>17,038,212</u>	<u>(1,342,345)</u>	<u>20,996</u>	<u>15,674,871</u>
Governmental activities capital assets, net	<u>\$20,714,011</u>	<u>\$(1,318,922)</u>	<u>\$ 58,762</u>	<u>19,336,327</u>
Less: Capital related debt				3,455,000
Less: Debt premium				39,899
Less: Capital related accounts payable				100,730
Net investment in capital assets				<u>\$15,740,698</u>
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 728,872	\$ 7,500	\$ -	\$ 736,372
Property held for future use	197,158	-	-	197,158
Construction in progress	84,094	251,898	251,193	84,799
Total capital assets, nondepreciable	<u>1,010,124</u>	<u>259,398</u>	<u>251,193</u>	<u>1,018,329</u>
Capital assets, depreciable:				
Land improvements	36,877	-	-	36,877
Buildings and improvements	9,109,389	-	-	9,109,389
Machinery and equipment	10,768,708	356,032	134,523	10,990,217
Infrastructure	24,022,719	116,032	8,253	24,130,498
Subtotals	<u>43,937,693</u>	<u>472,064</u>	<u>142,776</u>	<u>44,266,981</u>
Less accumulated depreciation	<u>20,406,554</u>	<u>1,086,609</u>	<u>132,690</u>	<u>21,360,473</u>
Total capital assets, depreciable, net	<u>23,531,139</u>	<u>(614,545)</u>	<u>10,086</u>	<u>22,906,508</u>
Business-type activities capital assets, net	<u>\$24,541,263</u>	<u>\$(355,147)</u>	<u>\$ 261,279</u>	<u>23,924,837</u>
Less: Capital related accounts payable				235,179
Net investment in capital assets				<u>\$23,689,658</u>

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Depreciation expense was charged to functions of the City as follows:

Governmental activities	
General government	\$ 204,701
Public safety	358,462
Public works	2,450,187
Health and human services	9,216
Culture and recreation	224,251
Total depreciation expense - governmental activities	<u>\$ 3,246,817</u>
Business-type activities	
Water utility	\$ 475,914
Sewer utility	610,695
Total depreciation expense - business-type activities	<u>\$ 1,086,609</u>

E. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2019 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Cash held by general fund for other funds and Operating accounts between funds		
Governmental funds		
General	\$ 305,908	\$ -
Water Utility	-	305,908
Totals	<u>\$ 305,908</u>	<u>\$ 305,908</u>

Interfund transfers for the year ended December 31, 2019 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental		
General	\$ 1,682,234	\$ 391,929
Special Revenue		
Parking Meters and Lots	-	969,368
Lakefront Operations	-	471,958
Cemetery Operations	16,500	-
Capital Project		
Capital Improvements	438,315	-
Impact Fees	18,614	-
Permanent		
Cemetery Perpetual Care	-	16,500
Proprietary		
Water Utility	-	305,908
	<u>\$ 2,155,663</u>	<u>\$ 2,155,663</u>

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Interfund transfers were made for the following purposes:

Tax equivalent payment made by Water Utility to General Fund	\$ 305,908
Excess funds from Parking Meters and Lots to General Fund	954,368
Excess funds from Lakefront Operations to General Fund	421,958
Appropriation for Capital Projects	65,000
Appropriation for Cemetery Operations	16,500
Subtotal	<u>1,763,734</u>
Less: Interfund eliminations	<u>(1,457,826)</u>
Government-wide transfers	<u>\$ 305,908</u>

F. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt					
Notes	\$3,565,000	\$ -	\$ 910,000	\$ 2,655,000	\$ 935,000
Direct placement notes	800,000	-	-	800,000	-
Total General Obligation Debt	<u>4,365,000</u>	<u>-</u>	<u>910,000</u>	<u>3,455,000</u>	<u>935,000</u>
Debt premium	52,175	-	12,276	39,899	12,276
Compensated absences	123,106	29,415	-	152,521	-
Governmental activities					
Long-term obligations	<u>\$4,540,281</u>	<u>\$ 29,415</u>	<u>\$ 922,276</u>	<u>\$ 3,647,420</u>	<u>\$ 947,276</u>
Business-type activities:					
Compensated absences	<u>\$ 53,659</u>	<u>\$ 66,671</u>	<u>\$ 67,871</u>	<u>\$ 52,459</u>	<u>\$ -</u>

Total interest paid during the year on long-term debt totaled \$94,946.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
General obligation notes	07/01/11	04/01/21	0.80 - 2.70%	\$ 2,980,000	\$ 1,155,000
General obligation notes	08/15/14	04/01/23	2.00 - 3.00%	2,560,000	<u>1,500,000</u>
					2,655,000
General obligation notes-direct placement	05/15/17	04/01/27	2.34%	3,500,000	<u>800,000</u>
Total outstanding general obligation debt					<u>\$ 3,455,000</u>

The May 15, 2017 note is a multi-draw general obligation note to fund road improvements and capital expenditures in 2017, 2018 and 2019. Draws may be made up to the full amount of the note during the first three years of the note. During 2018, the City took additional draw of \$500,000. No draws were made during 2019.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

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Annual principal and interest maturities of the outstanding general obligation debt of \$3,455,000 on December 31, 2019 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Totals
2020	\$ 935,000	\$ 70,127	\$ 1,005,127
2021	955,000	45,594	1,000,594
2022	500,000	29,489	529,489
2023	545,000	18,330	563,330
2024	160,000	10,775	170,775
2025 - 2029	360,000	10,496	370,496
	<u>\$ 3,455,000</u>	<u>\$ 184,811</u>	<u>\$ 3,639,811</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, 2019 was \$73,318,735 as follows:

Equalized valuation of the City		\$1,466,374,700
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>73,318,735</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 3,455,000	
Less: Amounts available for financing general obligation debt Debt Service Fund	<u>31,860</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>3,423,140</u>
Legal margin for new debt		<u>\$ 69,895,595</u>

G. PENSION PLAN

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0.0%
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

City of Lake Geneva, Wisconsin

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3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ending December 31, 2019, the WRS recognized \$437,173 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the City reported a liability of \$1,434,197 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.04031268%, which was an increase of 0.0016028% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2018 the City recognized pension expense of \$981,891.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,117,023	\$ 1,974,496
Net differences between projected and actual earnings on pension plan investments	2,094,549	-
Changes in assumptions	241,753	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,904	4,344
Employer contributions subsequent to the measurement date	437,173	-
Total	<u>\$ 3,905,402</u>	<u>\$ 1,978,840</u>

City of Lake Geneva, Wisconsin

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\$437,173 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2020	\$ 545,250
2021	136,955
2022	233,758
2023	573,426
Total	<u>\$ 1,489,389</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2017
Measurement date of net pension liability (asset):	December 31, 2018
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

City of Lake Geneva, Wisconsin

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Long-term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global equities	49%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.5%	4.1%
Total Core Fund	110%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 5,699,656	\$ 1,434,197	\$ (1,737,499)

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

6. Payables to the Pension Plan

At December 31, 2019, the City did not report a payable for an outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

H. OTHER POSTEMPLOYMENT BENEFITS

The City reports OPEB related balances at December 31, 2019 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 266,847	\$ 41,623	\$ 97,119	\$ 23,106
Single-employer defined OPEB plan	2,984,240	-	-	350,260
Total	<u>\$ 3,251,087</u>	<u>\$ 41,623</u>	<u>\$ 97,119</u>	<u>\$ 373,366</u>

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Single-employer Defined Postemployment Benefit Plan

Plan Description

The plan is a single-employer defined benefit postemployment health plan that covers retired employees of the City. Eligible retired employees have access to group medical coverage through the City's group plan. City paid medical benefits are paid for as indicated below. All employees of the City are eligible for the plan if they meet the following age and service requirements below. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The City provides medical (including prescription drugs) for retired employees through the City's self-insured plans.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	69
	<u>77</u>

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. The City paid medical and dental benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2019 and was determined by an actuarial valuation using the alternative measurement method as of January 1, 2018, rolled forward to January 1, 2019.

Actuarial Assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	3.00%
Salary increases:	4.00%
Investment rate of return:	3.26%
Healthcare cost trend rates:	7.10% for 2018, and decreasing to an ultimate rate of 5.00% by 2028

Mortality rates are the same as those used in the December 2014 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the January 1, 2018 valuation were based on the "Wisconsin Retirement System 2014 - 2014 Experience Study".

Discount Rate. The discount rate used to measure the total OPEB liability was 3.26%. The discount rate was based on the 20 year high grade rate index. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

Changes in the Total OPEB Liability

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at January 1, 2017	\$ 2,814,817
Changes for the year:	
Service cost	149,141
Interest	99,168
Difference between expected and actual	-
Changes of assumption and other inputs	101,579
Benefit payments	(180,836)
Other changes	371
Balance at December 31, 2018	<u>\$ 2,984,240</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	<u>1% Decrease to</u>	<u>Current</u>	<u>1% Increase to</u>
	<u>Discount Rate</u>	<u>Discount Rate</u>	<u>Discount Rate</u>
	<u>(2.26%)</u>	<u>(3.26%)</u>	<u>(4.26%)</u>
Total OPEB liability	\$ 3,274,338	\$ 2,984,240	\$ 2,726,508

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.10% decreasing to 6.10%) or 1-percentage-point higher (7.10% increasing to 8.10%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
	<u>(6.10% decreasing</u>	<u>Trend Rates</u>	<u>(8.10% decreasing</u>
	<u>to 3.50%)</u>	<u>(7.10% decreasing</u>	<u>to 5.50%)</u>
	<u>to 4.50%)</u>	<u>to 4.50%)</u>	<u>to 5.50%)</u>
Total OPEB liability	\$ 2,667,331	\$ 2,984,240	\$ 3,360,241

OPEB Expense

For the year ended December 31, 2019, the City recognized OPEB expense of \$373,366, of which \$350,260 was related to the Single Employer OPEB plan.

Plan Financial Report

The Plan does not prepare a separate standalone financial report.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a cost-sharing, multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are listed below:

Life Insurance Employee Contribution Rates For the Year Ended December 31, 2018		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$2,088 in contributions from the employer.

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

At December 31, 2019, the City reported a liability of \$266,847 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.10341500%, which was a decrease of 0.00328300% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$373,366, of which \$23,106 relates to the LRLIF plan.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,536
Net differences between projected and actual earnings on OPEB plan investments	6,377	-
Changes in assumptions	25,461	57,842
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,697	25,741
Employer contributions subsequent to the measurement date	2,088	-
Total	\$ 41,623	\$ 97,119

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

\$2,088 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Expense
2020	\$ (8,656)
2021	(8,656)
2022	(8,656)
2023	(9,551)
2024	(10,474)
Thereafter	(11,591)
Total	<u>\$ (57,584)</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2018
Measurement date of net OPEB liability (asset):	December 31, 2018
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	4.10%
Long-term expected rate of return:	5.00%
Discount rate:	4.22%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return %</u>
U.S. Government Bonds	Barclays Government	1.00%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%

Single discount rate. . A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the City's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

	<u>1% Decrease to Discount Rate (3.22%)</u>	<u>Current Discount Rate (4.22%)</u>	<u>1% Increase to Discount Rate (5.22%)</u>
City's proportionate share of the net OPEB liability (asset)	\$ 379,606	\$ 266,847	\$ 179,877

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

Payable to the OPEB Plan

At December 31, 2019, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2019.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2019, nonspendable fund balance was as follows:

General Fund		
Nonspendable		
Delinquent taxes	\$	8,576
Prepaid items		264,303
Total General Fund nonspendable fund balance		<u>272,879</u>
Permanent Funds		
Nonspendable		
Cemetery perpetual care		690,528
Library endowment		112,980
Total Permanent Funds nonspendable fund balance		<u>803,508</u>
Total nonspendable fund balance	\$	<u>1,076,387</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2019, restricted fund balance was as follows:

General Fund		
Restricted for		
Adaptive playground	\$	15,000
Special Revenue Fund		
Restricted for		
Public Library		692,297
Tourism Commission		338,077
Total Special Revenue Fund Restricted Fund Balance		<u>1,030,374</u>
Debt Service Fund		
Restricted for		
Debt service		<u>31,860</u>
Capital Project Funds		
Restricted for		
Impact fees		<u>53,230</u>
Permanent Fund		
Restricted for		
Library		<u>25,557</u>
Total restricted fund balance	\$	<u>1,156,021</u>

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2019, fund balance was assigned as follows:

General Fund	
Fire department	\$ 1,915
Police department	13,739
Parks	3,336
Ambulance	14,672
Historical preservation	2,352
Avian Committee	3,463
Postemployment	507,541
	<u>547,018</u>
Capital Projects Fund	
Equipment replacement	2,168,816
Capital improvements	137,872
	<u>2,306,688</u>
Special Revenue Funds	
Parking meters and lots	1,125,001
Lakefront operations	879,017
Lakefront operations - west pier replacement	255,840
Cemetery operations	138,991
	<u>2,398,849</u>
Total	<u>\$ 5,252,555</u>

Minimum General Fund Balance Policy

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

Actual 2019 General Fund expenditures	\$ 9,330,334
Minimum fund balance %	(x) 25%
Minimum fund balance amount	<u>\$ 2,332,584</u>

The City's unassigned General Fund balance of \$4,440,569 is above the minimum fund balance amount.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Net Position

The City reports restricted net position at December 31, 2019 as follows:

Governmental activities

Restricted for	
Cemetery perpetual care funds	\$ 690,526
Debt service	15,795
Library	830,834
Tourism Commission	338,077
Impact fees	68,230
Total governmental activities restricted net position	<u>1,943,462</u>

Business-type activities

Restricted for	
Plant and equipment replacement	1,277,168
Impact fees	1,246,495
Total business-type activities restricted net position	<u>2,523,663</u>

Total restricted net position	<u>\$ 4,467,125</u>
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J. TOWER RENTAL INCOME

The City of Lake Geneva rents space on its water towers to various leases for the mounting of telecommunications equipment. Rental income for the year ended December 31, 2019 was \$220,837. The remaining future rental payments due on the leases are as follows:

Year Ended December 31,	Amount
2020	\$ 199,363
2021	119,300
2022	98,859
2023	76,800
2024	40,377
Total	<u>\$ 534,699</u>

NOTE 4: OTHER INFORMATION

A. COMPONENT UNIT

This report contains Downtown Lake Geneva Business Improvement District (the "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 statement and the preceding notes to financial statements, which apply, the following additional disclosures are considered necessary for a fair presentation.

1. Basis of Accounting/Measurement Focus

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

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Deposits and Investments

At year-end, the carrying amount of BID deposits was \$1,833 and the bank balance was \$2,033. The entire bank balance was covered by federal depository insurance.

B. CUSTOMER USER RATES

Rates currently charged for water service as of December 31, 2019 were authorized by the Wisconsin Public Service Commission on November 6, 2019. Rates currently charged for sewer service as of December 31, 2019 were authorized by the City on December 4, 2018.

C. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. 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 County's risk management programs is presented below:

Health Self-Insurance Fund

The City maintained a self-insurance plan for medical insurance through December 31, 2018. Effective January 1, 2019, the City purchased commercial insurance for employee medical insurance; however, the City retained responsibility for insurance deductibles in excess of \$1,000 for single and \$2,000 for family coverage. The claims liability of \$14,259 reported in the General Fund at December 31, 2019 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 claims liability amount are as follows:

	Liability January 1	Claims and Changes in Estimates	Claims Payments	Liability December 31
2019	\$ 160,459	\$ 225,527	\$ 371,727	\$ 14,259
2018	99,576	2,080,074	2,019,191	160,459

Property and Other Liability Insurance

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.

D. CONTINGENCIES

From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City Attorney 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.

City of Lake Geneva, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

E. NEW ACCOUNTING STANDARDS ADOPTED

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. The City adopted this standards for the year ended December 31, 2019. The Fiduciary Statement of Net Position and Statement of Changes in Fiduciary Net Position have been restated for 2018 for the adoption of this standard. There was no change to Fiduciary Net Position as of January 1, 2018 for the adoption of this standard.

F. UPCOMING ACCOUNTING PRONOUNCEMENTS

In July 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after June 15, 2021. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

G. SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lake Geneva, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

<u>Plan Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (plan year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.03929365%	\$ (965,160)	\$ 4,508,233	21.41%	102.74%
12/31/15	0.03818226%	620,454	4,611,460	13.45%	98.20%
12/31/16	0.03802408%	313,409	4,754,696	6.59%	99.12%
12/31/17	0.03870988%	(1,149,342)	4,850,466	23.70%	102.93%
12/31/18	0.04031268%	1,434,198	5,231,345	27.42%	96.45%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (fiscal year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 363,003	\$ 363,003	\$ -	\$ 4,611,460	7.87%
12/31/16	369,360	369,360	-	4,754,696	7.77%
12/31/17	401,833	401,833	-	4,850,466	8.28%
12/31/18	435,752	435,752	-	5,231,345	8.33%
12/31/19	437,175	437,175	-	5,349,499	8.17%

See notes to required supplementary information.

City of Lake Geneva, Wisconsin

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS *

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 149,141	\$ 134,430
Interest	99,168	97,738
Difference between expected and actual experience	-	118,768
Changes of assumptions and other inputs	101,579	(368,054)
Benefit payments	(180,836)	(301,133)
Other changes	371	64,956
Net change in total OPEB liability	<u>169,423</u>	<u>(253,295)</u>
Total OPEB liability - beginning	<u>2,814,817</u>	<u>3,068,112</u>
Total OPEB liability - ending	<u>\$ 2,984,240</u>	<u>\$ 2,814,817</u>
Covered-employee payroll	\$ 2,714,308	\$ 3,986,408
City's total OPEB liability as a percentage of covered-employee payroll	109.94%	70.61%

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

City of Lake Geneva, Wisconsin

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered-Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.10013200%	\$ 301,255	\$ 4,210,837	7.15%	44.81%
12/31/18	0.10315000%	266,846	4,854,000	5.50%	48.69%

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/18	\$ 1,999	\$ 1,999	\$ -	\$ 4,854,000	0.04%
12/31/19	2,089	2,089	-	5,370,000	0.04%

See notes to required supplementary information.

City of Lake Geneva, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

A. WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

B. OTHER POSTEMPLOYMENT BENEFIT PLANS

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Single-employer Defined Postemployment Benefit Plan

The 2018 actuarial valuation updated mortality and termination assumptions, which resulted in the changes in assumptions in the current valuation. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Local Retiree Life Insurance Fund (LRLIF)

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total OPEB liability changed, including the discount rate, wage inflation rate, mortality and separation rates.

SUPPLEMENTARY INFORMATION

City of Lake Geneva, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
Taxes					
General property	\$ 5,063,166	\$ 5,063,166	\$ 5,063,207	\$ 41	\$ 4,826,328
Omitted and other taxes	-	-	3,243	3,243	260
Mobile home	5,300	5,300	5,211	(89)	5,309
Room tax	397,494	397,494	397,494	-	375,679
Sales tax discount	550	550	625	75	636
Interest on taxes	1,500	1,500	3,011	1,511	2,715
Total taxes	5,468,010	5,468,010	5,472,791	4,781	5,210,927
Special assessments					
Curb and gutter	720	720	931	211	720
Intergovernmental					
Recycling	23,700	23,700	23,804	104	23,763
State shared revenues	134,151	134,151	133,562	(589)	109,213
Police department	10,760	10,760	22,771	12,011	8,214
Fire department	50,922	50,922	57,488	6,566	53,334
Emergency management	5,000	5,000	-	(5,000)	4,500
State aid for highways	697,049	697,049	696,752	(297)	720,551
Municipal services	3,565	3,565	3,782	217	3,492
Exempt computer	18,000	18,000	19,204	1,204	18,751
Aids in lieu of taxes	10,173	10,173	10,173	-	10,173
Other state grants	-	-	292	292	1,413
Total intergovernmental	953,320	953,320	967,828	14,508	953,404
Licenses and permits					
Licenses					
Liquor and malt beverage	32,000	32,000	33,187	1,187	33,168
Operators	23,500	38,500	40,325	1,825	23,675
Cable TV franchise fees	128,000	128,000	133,706	5,706	131,709
Other business licenses	18,800	18,800	16,395	(2,405)	16,200
Dog and cat	1,000	1,000	878	(122)	752
Miscellaneous	16,400	16,400	15,765	(635)	18,220
Permits					
Building	180,000	180,000	162,851	(17,149)	225,810
Electrical	67,500	67,500	62,521	(4,979)	94,108
Plumbing	31,500	31,500	42,585	11,085	49,197
Zoning	45,000	45,000	38,120	(6,880)	43,468
Other miscellaneous	39,060	39,060	46,724	7,664	68,551
Total licenses and permits	582,760	597,760	593,057	(4,703)	704,858
Fines and forfeits					
Court penalties and costs	150,500	150,500	135,404	(15,096)	141,797
Parking violations	10,000	10,000	17,695	7,695	14,337
Total fines and forfeits	160,500	160,500	153,099	(7,401)	156,134

City of Lake Geneva, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
Public charges for services					
General government fees	12,000	12,000	33,143	21,143	13,130
Police department	12,650	12,650	19,616	6,966	11,447
Fire department	559,600	559,600	655,120	95,520	538,866
Street department	3,500	3,500	1,101	(2,399)	2,680
Snow and ice	1,500	1,500	-	(1,500)	2,030
Tree and brush	500	500	-	(500)	-
Traffic control	2,000	2,000	1,095	(905)	2,873
Parks	7,650	27,771	27,990	219	15,457
Miscellaneous fees and charges	450	450	299	(151)	(4,990)
Total public charges for services	<u>599,850</u>	<u>619,971</u>	<u>738,364</u>	<u>118,393</u>	<u>581,493</u>
Intergovernmental charges for services					
Police department	109,265	109,265	103,252	(6,013)	101,006
Fire department	55,000	55,000	81,440	26,440	61,989
TID reimbursement	-	-	-	-	23,283
Total intergovernmental charges for services	<u>164,265</u>	<u>164,265</u>	<u>184,692</u>	<u>20,427</u>	<u>186,278</u>
Interdepartmental charges for services					
Water and sewer utility	-	21,000	21,310	310	58,330
Miscellaneous					
Interest income	61,000	61,000	131,290	70,290	170,077
Interest on special assessment	200	200	78	(122)	139
Insurance recoveries	40,000	40,000	50,922	10,922	61,588
Rent of city property	-	-	1	1	-
Donation	12,400	12,400	13,875	1,475	16,993
Miscellaneous	250	250	-	(250)	268
Total miscellaneous	<u>113,850</u>	<u>113,850</u>	<u>196,166</u>	<u>82,316</u>	<u>249,065</u>
Total revenues	<u>8,043,275</u>	<u>8,099,396</u>	<u>8,328,238</u>	<u>228,842</u>	<u>8,101,209</u>
Other financing sources					
Sale of capital assets	-	-	2,600	2,600	-
Transfers In					
Special Revenue Funds					
Lakefront	463,941	441,536	421,958	(19,578)	534,034
Parking	878,100	870,874	954,368	83,494	1,069,995
Enterprise Fund					
Payment in lieu of tax	325,000	325,000	305,908	(19,092)	310,011
Total transfers in	<u>1,667,041</u>	<u>1,637,410</u>	<u>1,682,234</u>	<u>44,824</u>	<u>1,914,040</u>
Total other financing sources	<u>1,667,041</u>	<u>1,637,410</u>	<u>1,684,834</u>	<u>47,424</u>	<u>1,914,040</u>
Total revenues and other financing sources	<u><u>\$ 9,710,316</u></u>	<u><u>\$ 9,736,806</u></u>	<u><u>\$ 10,013,072</u></u>	<u><u>\$ 276,266</u></u>	<u><u>\$ 10,015,249</u></u>

City of Lake Geneva, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES AND OTHER FINANCING USES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2018 Actual
	Original	Final			
General government					
General government expense	\$ 207,587	\$ 140,355	\$ 43,146	\$ 97,209	\$ 66,659
Insurance	240,882	240,882	241,847	(965)	245,035
Health and other benefits	1,715,580	560,010	269,482	290,528	1,366,076
Common council	43,148	43,148	40,560	2,588	45,154
Municipal court	97,702	130,480	126,365	4,115	95,842
City attorney	75,670	75,670	75,988	(318)	78,796
Outside legal services	25,000	25,000	761	24,239	5,479
Mayor	8,283	8,283	7,651	632	8,421
City administrator	149,351	159,614	149,849	9,765	138,227
City clerk	176,907	232,633	226,586	6,047	173,518
Accounting and data processing	331,939	401,936	386,227	15,709	333,990
City assessor	43,050	43,600	43,551	49	42,069
City hall building	180,780	201,831	195,940	5,891	168,084
Total general government	<u>3,295,879</u>	<u>2,263,442</u>	<u>1,807,953</u>	<u>455,489</u>	<u>2,767,350</u>
Public safety					
Police department	3,115,843	3,736,039	3,612,049	123,990	2,838,467
Fire department	1,305,727	1,305,727	1,251,569	54,158	1,160,436
Building and zoning	183,670	232,886	231,708	1,178	181,262
Emergency management	28,071	28,071	15,029	13,042	9,377
Total public safety	<u>4,633,311</u>	<u>5,302,723</u>	<u>5,110,355</u>	<u>192,368</u>	<u>4,189,542</u>
Public works					
DPW and engineering	10,800	10,800	10,093	707	1,112
Street and highway	706,853	858,592	840,216	18,376	653,541
Snow and ice	129,860	197,903	190,357	7,546	137,849
Tree and brush	101,914	169,274	167,264	2,010	76,604
Compost operations	58,815	70,420	65,716	4,704	52,903
Storm sewer	19,615	21,628	17,602	4,026	8,585
Traffic control	143,180	143,683	134,170	9,513	145,248
Recycling and sanitation	514,760	514,760	516,167	(1,407)	480,150
Total public works	<u>1,685,797</u>	<u>1,987,060</u>	<u>1,941,585</u>	<u>45,475</u>	<u>1,555,992</u>
Culture and recreation					
Parks	175,785	166,170	162,827	3,343	172,562
Veteran's park	58,960	76,490	75,858	632	58,987
Leisure activities	36,450	36,450	35,361	1,089	36,119
Total culture and recreation	<u>271,195</u>	<u>279,110</u>	<u>274,046</u>	<u>5,064</u>	<u>267,668</u>

City of Lake Geneva, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES AND OTHER FINANCING USES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2018 Actual
	Original	Final			
Conservation and development					
Plan commission	64,054	124,270	110,894	13,376	28,123
Conservation and development	65,080	85,201	85,501	(300)	61,083
Total conservation and development	129,134	209,471	196,395	13,076	89,206
Total expenditures	10,015,316	10,041,806	9,330,334	711,472	8,869,758
Other financing uses					
Transfers out					
Capital Projects Fund					
Equipment replacement	-	38,929	373,315	(334,386)	800,000
Impact Fees	-	-	18,614	(18,614)	-
Total transfers out	-	38,929	391,929	(353,000)	800,000
Total expenditures and other financing uses	\$ 10,015,316	\$ 10,080,735	\$ 9,722,263	\$ 358,472	\$ 9,669,758

City of Lake Geneva, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Special Revenue			
	Lakefront Operations	Public Library	Cemetery Operations	Tourism Commission
ASSETS				
Cash and investments	\$ 1,256,384	\$ 559,573	\$ 191,748	\$ 427,975
Restricted cash and investments	-	296,551	-	-
Receivables				
Taxes and special charges	-	337,042	104,240	-
Accounts, net	7,948	-	-	-
Total assets	<u>\$ 1,264,332</u>	<u>\$ 1,193,166</u>	<u>\$ 295,988</u>	<u>\$ 427,975</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 78,038	\$ 12,089	\$ 3,714	\$ 89,898
Accrued and other current liabilities	1,738	3,780	3,283	-
Special deposits	49,700	-	-	-
Total liabilities	<u>129,476</u>	<u>15,869</u>	<u>6,997</u>	<u>89,898</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	-	485,000	150,000	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	692,297	-	338,077
Assigned	1,134,856	-	138,991	-
Total fund balances	<u>1,134,856</u>	<u>692,297</u>	<u>138,991</u>	<u>338,077</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,264,332</u>	<u>\$ 1,193,166</u>	<u>\$ 295,988</u>	<u>\$ 427,975</u>

Capital Projects			Permanent Funds		Total
Capital Improvements	Tax Incremental District No. 4	Impact Fees	Cemetery Perpetual Care	Swanson Library Endowment	
\$ 248,181	\$ -	\$ 56,785	\$ 691,503	\$ -	\$ 3,432,149
-	-	-	-	138,537	435,088
-	-	-	-	-	441,282
-	-	-	-	-	7,948
<u>\$ 248,181</u>	<u>\$ -</u>	<u>\$ 56,785</u>	<u>\$ 691,503</u>	<u>\$ 138,537</u>	<u>\$ 4,316,467</u>
\$ 110,309	\$ -	\$ 3,555	\$ -	\$ -	\$ 297,603
-	-	-	975	-	9,776
-	-	-	-	-	49,700
<u>110,309</u>	<u>-</u>	<u>3,555</u>	<u>975</u>	<u>-</u>	<u>357,079</u>
-	-	-	-	-	635,000
-	-	-	690,528	112,980	803,508
-	-	53,230	-	25,557	1,109,161
<u>137,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,411,719</u>
<u>137,872</u>	<u>-</u>	<u>53,230</u>	<u>690,528</u>	<u>138,537</u>	<u>3,324,388</u>
<u>\$ 248,181</u>	<u>\$ -</u>	<u>\$ 56,785</u>	<u>\$ 691,503</u>	<u>\$ 138,537</u>	<u>\$ 4,316,467</u>

City of Lake Geneva, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue			
	Lakefront Operations	Public Library	Cemetery Operations	Tourism Commission
REVENUES				
Taxes	\$ -	\$ 471,656	\$ 150,000	\$ 400,748
Intergovernmental	21,383	232,811	-	-
Fines and forfeits	-	11,850	-	-
Public charges for services	1,061,415	-	42,300	-
Miscellaneous	29,208	70,962	5,809	5,030
Total revenues	<u>1,112,006</u>	<u>787,279</u>	<u>198,109</u>	<u>405,778</u>
EXPENDITURES				
Current				
Health and human services	-	-	194,874	-
Culture and recreation	565,048	753,119	-	-
Conservation and development	-	-	-	278,731
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>565,048</u>	<u>753,119</u>	<u>194,874</u>	<u>278,731</u>
Excess of revenues over (under) expenditures	<u>546,958</u>	<u>34,160</u>	<u>3,235</u>	<u>127,047</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	16,500	-
Transfers out	(471,958)	-	-	-
Total other financing sources (uses)	<u>(471,958)</u>	<u>-</u>	<u>16,500</u>	<u>-</u>
Net change in fund balances	75,000	34,160	19,735	127,047
Fund balances - January 1	<u>1,059,856</u>	<u>658,137</u>	<u>119,256</u>	<u>211,030</u>
Fund balances - December 31	<u>\$ 1,134,856</u>	<u>\$ 692,297</u>	<u>\$ 138,991</u>	<u>\$ 338,077</u>

Capital Projects		Permanent Funds		Total
Capital Improvements	Impact Fees	Cemetery Perpetual Care	Swanson Library Endowment	
\$ -	\$ -	\$ -	\$ -	\$ 1,022,404
-	-	-	-	254,194
-	-	-	-	11,850
-	13,800	14,525	-	1,132,040
12,715	1,240	97,059	11,937	233,960
12,715	15,040	111,584	11,937	2,654,448
-	-	-	-	194,874
-	-	-	-	1,318,167
-	-	-	-	278,731
920,922	-	-	-	920,922
920,922	-	-	-	2,712,694
(908,207)	15,040	111,584	11,937	(58,246)
4,650	-	-	-	4,650
438,315	18,614	-	-	473,429
-	-	(16,500)	-	(488,458)
442,965	18,614	(16,500)	-	(10,379)
(465,242)	33,654	95,084	11,937	(68,625)
603,114	19,576	595,444	126,600	3,393,013
<u>\$ 137,872</u>	<u>\$ 53,230</u>	<u>\$ 690,528</u>	<u>\$ 138,537</u>	<u>\$ 3,324,388</u>

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 (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 11, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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'S RESPONSE TO FINDINGS

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
August 11, 2020

City of Lake Geneva, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	Segregation of Duties Repeat of Finding 2017-001
Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	A limited number of City employees perform the majority of the accounting functions for the City.
Context:	While performing audit procedures, it was noted that the City does not have adequate segregation of duties for internal control purposes.
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.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the City's operations. In addition, the City has not completed a risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.
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 transactions. 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.
Recommendation:	We recommend the City perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud. The City should review its processes to ensure that there is adequate segregation of duties in regards to initiating, authorizing, and approving transactions. As part of this risk assessment, the City should review its processes to identify tasks that could be reassigned to other City personnel.
Management Response:	Management will review and evaluate opportunities to include additional compensating controls during 2020.

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2019.