

**CITY OF LAKE MILLS, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2020**

**CITY OF LAKE MILLS, WISCONSIN**  
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**MEMBERS OF THE COMMON COUNCIL**

|                            |                    |
|----------------------------|--------------------|
| President                  | Diann Fritsch      |
| Vice President             | Mike Foster        |
| Member                     | Doug Fritsch       |
| Member                     | Vickie Schmidt     |
| City Manager               | Steven Wilke       |
| Treasurer/Finance Director | Elizabeth Milbrath |
| City Attorney              | Daniel Drescher    |
| City Clerk                 | Melissa Quest      |



## INDEPENDENT AUDITORS' REPORT

To the Common Council  
City of Lake Mills, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Mills, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lake Mills, Wisconsin's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

City of Lake Mills' 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 from 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 auditor considers internal control relevant to the entity'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 entity'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, each major fund, and the aggregate remaining fund information of the City of Lake Mills, Wisconsin, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

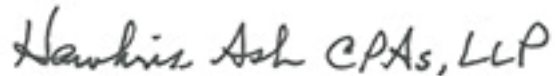
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

The detailed statement of revenues and other financing sources - budget and actual - general fund and detailed statement of expenditures and other financing uses - budget and actual - general fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021, on our consideration of the City of Lake Mills, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Mills, Wisconsin's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin  
June 1, 2021

**CITY OF LAKE MILLS, WISCONSIN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# City Of Lake Mills

200D Water Street  
Lake Mills, WI 53551  
(920) 648-2344  
FAX: (920) 648-2347  
www.ci.lake-mills.wi.us



## Management's

### Discussion and Analysis

As management of the City of Lake Mills, we offer readers of the City of Lake Mills' basic financial statements this narrative overview and analysis of the financial activities of the City of Lake Mills for the fiscal year ended December 31, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Lake Mills exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,360,480 (*net position*).
- The government's total net position increased by \$3,998,503, due to an increase in the governmental activities and an increase in the business-type activities net position.
- As of the close of the current fiscal year, the City of Lake Mills' governmental funds reported combined ending fund balances of \$7,659,915, an increase of \$1,215,792 in comparison with the prior year. Approximately 49.4 percent of this total amount, or \$3,787,777, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,034,180 or 52.3 percent of total general fund expenditures for the fiscal year.

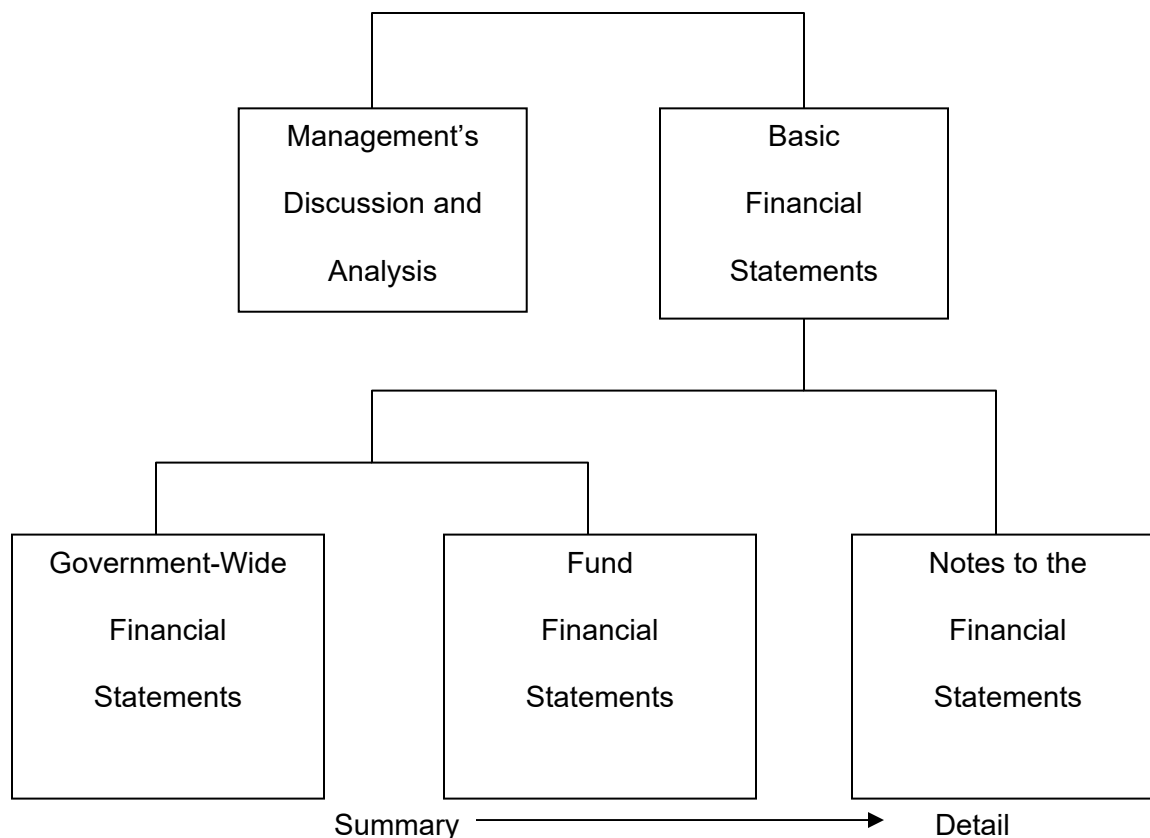
### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lake Mills' basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Lake Mills.



## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the Wisconsin State Statutes also can be found in this part of the statements.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer and electric services offered by the City of Lake Mills.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lake Mills, like all other governmental entities in Wisconsin, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Wisconsin Statutes or the City's budget ordinance. All of the funds of the City of Lake Mills can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Lake Mills adopts an annual budget for its general fund, as required by the State of Wisconsin Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison schedule provided for the general fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the general fund; and 4) the variance between the final budget and the actual revenues and expenditures.

**Proprietary Funds** - The City of Lake Mills has three proprietary funds. A *proprietary fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Lake Mills uses enterprise funds to account for its electric and water activity and for its sewer operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** - 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 statements because the resources of those funds are *not* available to support the City of Lake Mills' own programs. The most significant fiduciary fund maintained by the City of Lake Mills is the property tax fund which records the tax roll and tax collections for other taxing jurisdictions within the City of Lake Mills. The accounting used for fiduciary funds is much like that used for governmental funds.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be referred to as identified in the table of contents.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Lake Mills. Required supplementary information can be referred to as identified in the table of contents.

**City of Lake Mills**  
**Net Position**  
Figure 2

|                                  | Governmental<br>Activities |                     | Business-Type<br>Activities |                      | Total                |                      |
|----------------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|                                  | 2020                       | 2019                | 2020                        | 2019                 | 2020                 | 2019                 |
| Current and other assets         | \$ 14,593,197              | \$ 12,125,240       | \$ 9,548,645                | \$ 9,264,508         | \$ 24,141,842        | \$ 21,389,748        |
| Capital assets                   | 20,130,472                 | 18,498,014          | 34,227,553                  | 33,876,386           | 54,358,025           | 52,374,400           |
| Total assets                     | <u>34,723,669</u>          | <u>30,623,254</u>   | <u>43,776,198</u>           | <u>43,140,894</u>    | <u>78,499,867</u>    | <u>73,764,148</u>    |
| Deferred outflows of resources   | <u>1,500,696</u>           | <u>2,803,959</u>    | <u>824,332</u>              | <u>1,351,218</u>     | <u>2,325,028</u>     | <u>4,155,177</u>     |
| Long-term liabilities            |                            |                     |                             |                      |                      |                      |
| outstanding                      | 21,156,605                 | 21,171,779          | 16,537,872                  | 17,758,866           | 37,694,477           | 38,930,645           |
| Other liabilities                | 407,181                    | 339,448             | 913,550                     | 833,555              | 1,320,731            | 1,173,003            |
| Total liabilities                | <u>21,563,786</u>          | <u>21,511,227</u>   | <u>17,451,422</u>           | <u>18,592,421</u>    | <u>39,015,208</u>    | <u>40,103,648</u>    |
| Deferred inflows of resources    | <u>7,202,744</u>           | <u>7,148,289</u>    | <u>1,246,463</u>            | <u>1,305,411</u>     | <u>8,449,207</u>     | <u>8,453,700</u>     |
| Net position:                    |                            |                     |                             |                      |                      |                      |
| Net investment in capital assets | 490,320                    | 513,222             | 19,741,562                  | 19,281,762           | 20,231,882           | 19,794,984           |
| Restricted                       | 898,786                    | 358,517             | 5,164,362                   | 2,670,149            | 6,063,148            | 3,028,666            |
| Unrestricted                     | 6,068,729                  | 3,895,958           | 996,721                     | 2,642,369            | 7,065,450            | 6,538,327            |
| Total net position               | <u>\$ 7,457,835</u>        | <u>\$ 4,767,697</u> | <u>\$ 25,902,645</u>        | <u>\$ 24,594,280</u> | <u>\$ 33,360,480</u> | <u>\$ 29,361,977</u> |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Lake Mills exceeded liabilities by \$33,360,480 as of December 31, 2020. The City's net position increased by \$3,998,503 for the fiscal year ended December 31, 2020. However, the largest portion (61%) reflects the City's investment in capital assets (e.g. land, land improvements, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items.

The City of Lake Mills uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lake Mills' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Lake Mills' net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,065,450 is unrestricted.

**City of Lake Mills**  
**Changes in Net Position**  
Figure 3

|  | Governmental<br>Activities |                     | Business-Type<br>Activities |                      | Total                |                      |
|--|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|  | 2020                       | 2019                | 2020                        | 2019                 | 2020                 | 2019                 |
| <b>Revenues:</b>   |                            |                     |                             |                      |                      |                      |
| Program revenues:  |                            |                     |                             |                      |                      |                      |
| Charges for services   | \$ 1,418,694               | \$ 1,368,005        | \$ 10,884,874               | \$ 10,644,501        | \$ 12,303,568        | \$ 12,012,506        |
| Operating grants and contributions                             | 926,562                    | 619,507             | -                           | (30)                 | 926,562              | 619,477              |
| Capital grants and contributions                               | 1,052,714                  | 23,045              | 1,300,102                   | 125,836              | 2,352,816            | 148,881              |
| General revenues:  |                            |                     |                             |                      |                      |                      |
| Property taxes   | 5,313,659                  | 5,020,720           | -                           | -                    | 5,313,659            | 5,020,720            |
| Other taxes  | 113,832                    | 102,610             | -                           | -                    | 113,832              | 102,610              |
| Intergovernmental revenues not restricted to specific programs |                            |                     |                             |                      |                      |                      |
|  | 621,401                    | 513,667             | -                           | -                    | 621,401              | 513,667              |
| Interest and investment income                                 |                            |                     |                             |                      |                      |                      |
|  | 55,956                     | 166,357             | 49,908                      | 92,055               | 105,864              | 258,412              |
| Gain on sale of capital assets                                 |                            |                     |                             |                      |                      |                      |
|  | 239,281                    | 25,214              | -                           | 9,220                | 239,281              | 34,434               |
| Miscellaneous  |                            |                     |                             |                      |                      |                      |
|  | 228,355                    | 440,335             | -                           | 2,477                | 228,355              | 442,812              |
| Total revenues   | <u>9,970,454</u>           | <u>8,279,460</u>    | <u>12,234,884</u>           | <u>10,874,059</u>    | <u>22,205,338</u>    | <u>19,153,519</u>    |
| <b>Expenses:</b>   |                            |                     |                             |                      |                      |                      |
| General government   | 1,317,097                  | 1,420,591           | -                           | -                    | 1,317,097            | 1,420,591            |
| Public safety  | 1,682,517                  | 1,952,311           | -                           | -                    | 1,682,517            | 1,952,311            |
| Public works   | 1,262,557                  | 2,223,771           | -                           | -                    | 1,262,557            | 2,223,771            |
| Health and human services                                      | 123,383                    | 140,574             | -                           | -                    | 123,383              | 140,574              |
| Culture, recreation and education                              | 1,360,876                  | 972,141             | -                           | -                    | 1,360,876            | 972,141              |
| Conservation and development                                   | 1,530,834                  | 1,357,400           | -                           | -                    | 1,530,834            | 1,357,400            |
| Interest on long-term debt                                     | 587,361                    | 590,341             | -                           | -                    | 587,361              | 590,341              |
| Electric   | -                          | -                   | 6,945,256                   | 7,170,571            | 6,945,256            | 7,170,571            |
| Water  | -                          | -                   | 1,644,771                   | 1,176,586            | 1,644,771            | 1,176,586            |
| Sewer  | -                          | -                   | 1,752,183                   | 1,741,644            | 1,752,183            | 1,741,644            |
| Total expenses   | <u>7,864,625</u>           | <u>8,657,129</u>    | <u>10,342,210</u>           | <u>10,088,801</u>    | <u>18,206,835</u>    | <u>18,745,930</u>    |
| Income (loss) before transfers                                 | 2,105,829                  | (377,669)           | 1,892,674                   | 785,258              | 3,998,503            | 407,589              |
| Transfers  | 584,309                    | 565,499             | (584,309)                   | (565,499)            | -                    | -                    |
| Change in net position   | 2,690,138                  | 187,830             | 1,308,365                   | 219,759              | 3,998,503            | 407,589              |
| Net position - beginning of year                               | <u>4,767,697</u>           | <u>4,579,867</u>    | <u>24,594,280</u>           | <u>24,374,521</u>    | <u>29,361,977</u>    | <u>28,954,388</u>    |
| Net position - end of year                                     | <u>\$ 7,457,835</u>        | <u>\$ 4,767,697</u> | <u>\$ 25,902,645</u>        | <u>\$ 24,594,280</u> | <u>\$ 33,360,480</u> | <u>\$ 29,361,977</u> |

**Governmental activities:**

Governmental activities increased the City's net position by \$2,690,138.

**Business-type activities:**

Business-type activities increased the City's net position by \$1,308,365.

## Financial Analysis of the City's Funds

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

**Governmental Funds** - The focus of the City of Lake Mills' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Lake Mills' financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Lake Mills. At the end of the current fiscal year, unassigned fund balance of the General Fund as \$5,034,180, while total fund balance reached \$6,830,878. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52.3 percent of total General Fund expenditures, while total fund balance represents 71 percent of that same amount.

At December 31, 2020, the governmental funds of the City of Lake Mills reported a combined fund balance of \$7,659,915, a 18.9 percent increase over last year. Included in this change in fund balance are increases in fund balance in the general fund, library, park improvements, community block grant, cemetery perpetual care and library endowment funds.

**General Fund Budgetary Highlights** - During the fiscal year, the City did not revise the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Proprietary Funds** - The City of Lake Mills' proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Utility at the end of the fiscal year amounted to \$2,073,812, the Water Utility totaled \$(1,106,525), and those for the Sewer Utility amounted to \$1,872,192. The total change in net position was \$266,591, \$556,358, and \$485,416, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Lake Mills' business-type activities.

### Capital Asset and Debt Administration

**Capital Assets:** The City of Lake Mills' investment in capital assets for its governmental and business-type activities as of December 31, 2020, totals \$54,358,025 (net of accumulated depreciation). These assets include land, construction in progress, land improvements, buildings, equipment, and infrastructure. Major capital asset transactions during the year include the following additions:

- Land improvements of \$84,397, equipment purchases of \$1,265,939 and \$2,011,199 of infrastructure in governmental-type activities.
- Construction in progress of \$1,425,254 and equipment and systems purchases of \$5,322,879 in business-type activities.

### City of Lake Mills' Capital Assets

Figure 4

(in thousands of dollars)

|                                | Governmental Activities |           | Business-Type Activities |           | Total     |           |
|--------------------------------|-------------------------|-----------|--------------------------|-----------|-----------|-----------|
|                                | 2020                    | 2019      | 2020                     | 2019      | 2020      | 2019      |
| Land                           | \$ 769                  | \$ 850    | \$ 133                   | \$ 133    | \$ 902    | \$ 984    |
| Construction in progress       | 1,092                   | 1,568     | 580                      | 3,903     | 1,673     | 5,471     |
| Land improvements              | 1,944                   | 1,865     | 383                      | 383       | 2,326     | 2,248     |
| Buildings                      | 11,666                  | 11,761    | 7,279                    | 7,279     | 18,945    | 19,040    |
| Equipment and systems          | 7,149                   | 6,130     | 52,584                   | 47,417    | 59,733    | 53,547    |
| Infrastructure                 | 17,326                  | 15,315    | -                        | -         | 17,326    | 15,315    |
| Less: Accumulated depreciation | (19,816)                | (18,991)  | (26,731)                 | (25,238)  | (46,547)  | (44,229)  |
| Total                          | \$ 20,130               | \$ 18,498 | \$ 34,228                | \$ 33,876 | \$ 54,358 | \$ 52,374 |

Note - totals may not add due to rounding.

Additional information of the City's capital assets can be found in the notes to the basic financial statements.

**Long-term Obligations:** As of December 31, 2020, the City of Lake Mills had total long-term obligations outstanding of \$37,694,477. Of this, \$20,423,152 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents mortgage revenue bonds secured solely by specified revenue sources (i.e. revenue bonds) and employee benefits.

### City of Lake Mills' Long-Term Obligations

Figure 5

(in thousands of dollars)

|                                | Governmental Activities |           | Business-Type Activities |           | Total     |           |
|--------------------------------|-------------------------|-----------|--------------------------|-----------|-----------|-----------|
|                                | 2020                    | 2019      | 2020                     | 2019      | 2020      | 2019      |
| General obligation bonds/notes | \$ 20,061               | \$ 19,114 | \$ 362                   | \$ 449    | \$ 20,423 | \$ 19,562 |
| Mortgage revenue bonds         | -                       | -         | 15,971                   | 16,911    | 15,971    | 16,911    |
| Other long-term obligations    | 1,096                   | 2,058     | 204                      | 399       | 1,300     | 2,458     |
| Total                          | \$ 21,157               | \$ 21,172 | \$ 16,538                | \$ 17,759 | \$ 37,694 | \$ 38,931 |

Note - totals may not add due to rounding.

The City of Lake Mills' total debt decreased by \$1,236,168 or 3.3% during the past fiscal year, primarily due to new debt.

The State of Wisconsin Statutes limit the amount of general obligation debt that a unit of government can issue up to 5 percent of the total equalized value of taxable property located within that government's boundaries. The legal debt limit for the City of Lake Mills is \$31,975,900.

Additional information regarding the City of Lake Mills' long-term debt can be found in the notes to the basic financial statements.

## **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Treasurer/Finance Director, City of Lake Mills, 200 D Water Street, Lake Mills, Wisconsin 53551-1632.



**CITY OF LAKE MILLS, WISCONSIN**  
**BASIC**  
**FINANCIAL STATEMENTS**

**CITY OF LAKE MILLS, WISCONSIN**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                |
|--|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>  |                            |                             |                      |
| Cash and investments   | \$ 10,162,453              | \$ 2,581,325                | \$ 12,743,778        |
| Receivables  |                            |                             |                      |
| Taxes  | 3,100,745                  | -                           | 3,100,745            |
| Accounts and other   | 133,846                    | 881,808                     | 1,015,654            |
| Special assessments  | 612,933                    | 529,362                     | 1,142,295            |
| Interest   | -                          | 11,329                      | 11,329               |
| Internal balances  | (61,294)                   | 61,294                      | -                    |
| Due from other governments   | 57,895                     | -                           | 57,895               |
| Inventories  | -                          | 240,098                     | 240,098              |
| Prepaid expenses   | 58,550                     | -                           | 58,550               |
| Wisconsin Retirement System, net pension                                     | 528,069                    | 232,492                     | 760,561              |
| Restricted assets  |                            |                             |                      |
| Cash and investments   | -                          | 5,010,937                   | 5,010,937            |
| Capital assets (net of accumulated depreciation)                             |                            |                             |                      |
| Capital assets not being depreciated   | 1,861,635                  | 713,389                     | 2,575,024            |
| Capital assets being depreciated   | 18,268,837                 | 33,514,164                  | 51,783,001           |
| <b>TOTAL ASSETS</b>  | <b>34,723,669</b>          | <b>43,776,198</b>           | <b>78,499,867</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                            |                             |                      |
| Charge on refunding  | 89,480                     | 199,425                     | 288,905              |
| Wisconsin Retirement System pension  | 1,232,461                  | 542,611                     | 1,775,072            |
| Wisconsin Retirement System LRLIF  | 178,755                    | 82,296                      | 261,051              |
| <b>TOTAL DEFERRED OUTFLOWS<br/>    OF RESOURCES</b>                          | <b>1,500,696</b>           | <b>824,332</b>              | <b>2,325,028</b>     |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>                   |                            |                             |                      |
|  | <b>36,224,365</b>          | <b>44,600,530</b>           | <b>80,824,895</b>    |
| <b>LIABILITIES</b>   |                            |                             |                      |
| Accounts payable   | 277,744                    | 627,238                     | 904,982              |
| Accrued liabilities  |                            |                             |                      |
| Payroll, payroll taxes   | -                          | 155,257                     | 155,257              |
| Interest   | 129,437                    | -                           | 129,437              |
| Other  | -                          | 34,876                      | 34,876               |
| Current portion of long-term obligations                                     | 2,292,705                  | 88,064                      | 2,380,769            |
| Payable from restricted assets   |                            |                             |                      |
| Accrued revenue bond interest  | -                          | 80,418                      | 80,418               |
| Current portion of revenue loans   | -                          | 946,462                     | 946,462              |
| Unearned revenue - other   | -                          | 15,761                      | 15,761               |
| Noncurrent portion of long-term obligations                                  | 18,863,900                 | 15,503,346                  | 34,367,246           |
| <b>TOTAL LIABILITIES</b>   | <b>21,563,786</b>          | <b>17,451,422</b>           | <b>39,015,208</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |                             |                      |
| Unavailable revenue - tax roll   | 5,514,537                  | -                           | 5,514,537            |
| Unavailable revenue - special assessments                                    | -                          | 501,172                     | 501,172              |
| Wisconsin Retirement System pension  | 1,587,338                  | 698,852                     | 2,286,190            |
| Wisconsin Retirement System LRLIF  | 100,869                    | 46,439                      | 147,308              |
| <b>TOTAL DEFERRED INFLOWS<br/>    OF RESOURCES</b>                           | <b>7,202,744</b>           | <b>1,246,463</b>            | <b>8,449,207</b>     |
| <b>NET POSITION</b>  |                            |                             |                      |
| Net investment in capital assets   | 490,320                    | 19,741,562                  | 20,231,882           |
| Restricted for   |                            |                             |                      |
| Permanent funds - nonexpendable  | 370,717                    | -                           | 370,717              |
| Debt service   | -                          | 3,928,087                   | 3,928,087            |
| Other activities   | 528,069                    | 1,236,275                   | 1,764,344            |
| Unrestricted   | 6,068,729                  | 996,721                     | 7,065,450            |
| <b>TOTAL NET POSITION</b>  | <b>7,457,835</b>           | <b>25,902,645</b>           | <b>33,360,480</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND NET POSITION</b> |                            |                             |                      |
|  | <b>\$ 36,224,365</b>       | <b>\$ 44,600,530</b>        | <b>\$ 80,824,895</b> |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

| FUNCTIONS/PROGRAMS   | EXPENSES             | PROGRAM REVENUES     |                                    |                                  | NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION |                          |                      |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
|  |                      | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES                             | BUSINESS-TYPE ACTIVITIES | TOTALS               |
| <b>PRIMARY GOVERNMENT</b>                                      |                      |                      |                                    |                                  |   |                          |                      |
| <b>GOVERNMENTAL ACTIVITIES</b>                                 |                      |                      |                                    |                                  |   |                          |                      |
| General government   | \$ 1,317,097         | \$ 272,012           | \$ -                               | \$ -                             | \$ (1,045,085)                                      |                          | \$ (1,045,085)       |
| Public safety  | 1,682,517            | 373,208              | 28,852                             | -                                | (1,280,457)   |                          | (1,280,457)          |
| Public works   | 1,262,557            | 371,961              | 521,362                            | 1,052,714                        | 683,480   |                          | 683,480              |
| Health and human services                                      | 123,383              | 43,820               | -                                  | -                                | (79,563)  |                          | (79,563)             |
| Culture, recreation and education                              | 1,360,876            | 357,693              | 373,104                            | -                                | (630,079)   |                          | (630,079)            |
| Conservation and development                                   | 1,530,834            | -                    | 3,244                              | -                                | (1,527,590)   |                          | (1,527,590)          |
| Interest and fiscal charges                                    | 587,361              | -                    | -                                  | -                                | (587,361)   |                          | (587,361)            |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>                           | <b>7,864,625</b>     | <b>1,418,694</b>     | <b>926,562</b>                     | <b>1,052,714</b>                 | <b>(4,466,655)</b>                                  |                          | <b>(4,466,655)</b>   |
| <b>BUSINESS-TYPE ACTIVITIES</b>                                |                      |                      |                                    |                                  |   |                          |                      |
| Electric Utility   | 6,945,256            | 7,488,579            | -                                  | 81,350                           |   | \$ 624,673               | 624,673              |
| Water Utility  | 1,644,771            | 1,585,155            | -                                  | 806,726                          |   | 747,110                  | 747,110              |
| Sewer Utility  | 1,752,183            | 1,811,140            | -                                  | 412,026                          |   | 470,983                  | 470,983              |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>                          | <b>10,342,210</b>    | <b>10,884,874</b>    | <b>-</b>                           | <b>1,300,102</b>                 |   | <b>1,842,766</b>         | <b>1,842,766</b>     |
| <b>TOTAL PRIMARY GOVERNMENT</b>                                | <b>\$ 18,206,835</b> | <b>\$ 12,303,568</b> | <b>\$ 926,562</b>                  | <b>\$ 2,352,816</b>              | <b>(4,466,655)</b>                                  | <b>1,842,766</b>         | <b>(2,623,889)</b>   |
| <b>General revenues</b>  |                      |                      |                                    |                                  |   |                          |                      |
| Taxes  |                      |                      |                                    |                                  |   |                          |                      |
| Property taxes, levied for general purposes                    |                      |                      |                                    |                                  | 4,422,801   | -                        | 4,422,801            |
| Property taxes, levied for tax incremental district            |                      |                      |                                    |                                  | 890,858   | -                        | 890,858              |
| Other taxes  |                      |                      |                                    |                                  | 113,832   | -                        | 113,832              |
| Intergovernmental revenues not restricted to specific programs |                      |                      |                                    |                                  | 621,401   | -                        | 621,401              |
| Interest and investment income                                 |                      |                      |                                    |                                  | 55,956  | 49,908                   | 105,864              |
| Gain on sale of capital assets                                 |                      |                      |                                    |                                  | 239,281   | -                        | 239,281              |
| Miscellaneous  |                      |                      |                                    |                                  | 228,355   | -                        | 228,355              |
| Transfers  |                      |                      |                                    |                                  | 584,309   | (584,309)                | -                    |
| Total general revenues   |                      |                      |                                    |                                  | 7,156,793   | (534,401)                | 6,622,392            |
| CHANGE IN NET POSITION   |                      |                      |                                    |                                  | 2,690,138   | 1,308,365                | 3,998,503            |
| NET POSITION - BEGINNING OF YEAR                               |                      |                      |                                    |                                  | 4,767,697   | 24,594,280               | 29,361,977           |
| <b>NET POSITION - END OF YEAR</b>                              |                      |                      |                                    |                                  | <b>\$ 7,457,835</b>                                 | <b>\$ 25,902,645</b>     | <b>\$ 33,360,480</b> |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**

**FUND  
FINANCIAL STATEMENTS**

**CITY OF LAKE MILLS, WISCONSIN**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

|   | GENERAL<br>FUND      | CAPITAL<br>PROJECTS | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|---|----------------------|---------------------|--|--------------------------------|
| <b>ASSETS</b>   |                      |                     |  |                                |
| Cash and investments  | \$ 7,432,714         | \$ 685,764          | \$ 2,043,975                               | \$ 10,162,453                  |
| Receivables   |                      |                     |  |                                |
| Taxes   | 2,131,929            | 966,198             | 2,618                                      | 3,100,745                      |
| Accounts and other  | 62,553               | 69,964              | 1,329                                      | 133,846                        |
| Special assessments   | 612,933              | -                   | -  | 612,933                        |
| Due from other funds  | 1,297,613            | 29,374              | 526,719                                    | 1,853,706                      |
| Due from other governments  | -                    | -                   | 57,895                                     | 57,895                         |
| Prepaid expenses  | 58,550               | -                   | -  | 58,550                         |
| Advances to other funds   | 1,338,008            | -                   | -  | 1,338,008                      |
|   | <b>12,934,300</b>    | <b>1,751,300</b>    | <b>2,632,536</b>                           | <b>17,318,136</b>              |
| <b>TOTAL ASSETS</b>   |                      |                     |  |                                |
| <b>LIABILITIES</b>  |                      |                     |  |                                |
| Accounts payable  | 272,592              | 5,151               | -  | 277,743                        |
| Due to other funds  | 672,176              | -                   | 1,242,824                                  | 1,915,000                      |
| Advances from other funds   | -                    | 1,338,008           | -  | 1,338,008                      |
| TOTAL LIABILITIES   | 944,768              | 1,343,159           | 1,242,824                                  | 3,530,751                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |                     |  |                                |
| Unavailable revenue - tax roll  | 4,545,721            | 966,198             | 2,618                                      | 5,514,537                      |
| Unavailable revenue - special assessments                                     | 612,933              | -                   | -  | 612,933                        |
| TOTAL DEFERRED INFLOWS<br>OF RESOURCES  | 5,158,654            | 966,198             | 2,618                                      | 6,127,470                      |
| <b>FUND BALANCES</b>  |                      |                     |  |                                |
| Nonspendable  | 1,396,558            | -                   | 370,717                                    | 1,767,275                      |
| Committed   | 400,140              | -                   | -  | 400,140                        |
| Assigned  | -                    | -                   | 1,704,723                                  | 1,704,723                      |
| Unassigned  | 5,034,180            | (558,057)           | (688,346)                                  | 3,787,777                      |
| TOTAL FUND BALANCES   | 6,830,878            | (558,057)           | 1,387,094                                  | 7,659,915                      |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> |                      |                     |  |                                |
|   | <b>\$ 12,934,300</b> | <b>\$ 1,751,300</b> | <b>\$ 2,632,536</b>                        |                                |

**Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

|                                       |              |            |
|---------------------------------------|--------------|------------|
| Governmental capital asset            | 39,946,298   |            |
| Governmental accumulated depreciation | (19,815,826) | 20,130,472 |

Some revenues are unavailable in the funds because they are not available to pay current period's expenditures:

|  |  |         |
|--|--|---------|
| Special assessments to be collected after year end |  | 612,932 |
|--|--|---------|

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements.

251,078

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

|   |              |              |
|---|--------------|--------------|
| General obligation debt                     | (20,060,821) |              |
| Accrued interest on general obligation debt | (129,437)    |              |
| Charge on refunding                         | 89,480       |              |
| Premium                                     | (486,923)    |              |
| Vested employee benefits                    | (165,584)    |              |
| WRS liability                               | (443,277)    | (21,196,562) |

**Total net position - governmental activities** **\$ 7,457,835**

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

|  | GENERAL<br>FUND            | CAPITAL<br>PROJECTS        | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|----------------------------|----------------------------|--|--------------------------------|
| <b>REVENUE</b>   |                            |                            |  |                                |
| Taxes  | \$ 4,537,663               | \$ 890,858                 | \$ -                                       | \$ 5,428,521                   |
| Special assessment   | -                          | -                          | 467,490                                    | 467,490                        |
| Intergovernmental  | 1,501,222                  | 50,715                     | 19,705                                     | 1,571,642                      |
| Licenses and permits   | 214,904                    | -                          | -  | 214,904                        |
| Fines, forfeits and penalties                                | 51,676                     | -                          | -  | 51,676                         |
| Public charges for services                                  | 188,816                    | 464,791                    | 479,804                                    | 1,133,411                      |
| Intergovernmental charges for services                       | 361,092                    | -                          | -  | 361,092                        |
| Miscellaneous  | 338,492                    | 12,245                     | 177,394                                    | 528,131                        |
| <b>TOTAL REVENUE</b>   | <u>7,193,865</u>           | <u>1,418,609</u>           | <u>1,144,393</u>                           | <u>9,756,867</u>               |
| <b>EXPENDITURES</b>  |                            |                            |  |                                |
| Current  |                            |                            |  |                                |
| General government   | 1,192,997                  | -                          | -  | 1,192,997                      |
| Public safety  | 1,799,392                  | -                          | -  | 1,799,392                      |
| Public works   | 1,068,769                  | -                          | 419,861                                    | 1,488,630                      |
| Health and human services                                    | 120,710                    | -                          | -  | 120,710                        |
| Culture, recreation and education                            | 803,439                    | -                          | -  | 803,439                        |
| Conservation and development                                 | 140,508                    | -                          | -  | 140,508                        |
| Debt service   |                            |                            |  |                                |
| Principal  | 1,357,360                  | 615,334                    | -  | 1,972,694                      |
| Interest   | 430,648                    | 118,285                    | -  | 548,933                        |
| Other  | 45,485                     | 21,334                     | -  | 66,819                         |
| Capital outlay   | 2,661,412                  | 1,508,924                  | 57,468                                     | 4,227,804                      |
| <b>TOTAL EXPENDITURES</b>                                    | <u>9,620,720</u>           | <u>2,263,877</u>           | <u>477,329</u>                             | <u>12,361,926</u>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(2,426,855)</u>         | <u>(845,268)</u>           | <u>667,064</u>                             | <u>(2,605,059)</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                            |  |                                |
| Operating transfers in                                       | 584,309                    | -                          | -  | 584,309                        |
| Sale of asset  | -                          | 239,281                    | -  | 239,281                        |
| Issuance of long-term debt                                   | 2,050,000                  | 870,000                    | -  | 2,920,000                      |
| Premium on long-term debt                                    | 52,524                     | 24,737                     | -  | 77,261                         |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <u>2,686,833</u>           | <u>1,134,018</u>           | <u>-</u>                                   | <u>3,820,851</u>               |
| <b>NET CHANGE IN FUND BALANCE</b>                            | 259,978                    | 288,750                    | 667,064                                    | 1,215,792                      |
| <b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>           | <u>6,570,900</u>           | <u>(846,807)</u>           | <u>720,030</u>                             | <u>6,444,123</u>               |
| <b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>                 | <u><b>\$ 6,830,878</b></u> | <u><b>\$ (558,057)</b></u> | <u><b>\$ 1,387,094</b></u>                 | <u><b>\$ 7,659,915</b></u>     |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds \$ 1,215,792

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

|  |    |                  |           |
|--|----|------------------|-----------|
| Capital outlay reported in governmental fund statements                              | \$ | 4,227,804        |           |
| Capital outlay not capitalized   |    | (866,269)        |           |
| Depreciation expense reported in the statement of activities                         |    | (1,172,548)      |           |
| Less cost of assets disposed   |    | <u>(556,529)</u> |           |
| Amount by which capital outlays are greater than depreciation in the current period: |    |                  | 1,632,458 |

Some capital assets acquired during the year were financed with loans. The amount of the loans are reported in the governmental funds as a source of financing. In the statement of net position however, loans are not reported as a financing source, but rather constitute a long-term liability. The amount of loans reported in the governmental funds statement is: (2,920,000)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

This year the accrual of these benefits decreased by: 24,750

Wisconsin Retirement System asset, deferred inflows of resources, liability and deferred outflows of resources changes: (9,049)

Wisconsin Retirement System Local Retiree Life Insurance Fund asset, deferred inflows of resources, liability and deferred outflows of resources changes: (27,102)

OPEB supplemental pension deferred outflows of resources, liability, and deferred inflows of resources changes: 410,368

Certain revenues are deferred in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year:

|  |  |           |  |
|--|--|-----------|--|
| New special assessment revenue recognized in the statement of activities |  | 576,899   |  |
| Other unearned revenue recognized in the statement of activities         |  | (137,802) |  |

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is: 1,972,694

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

|   |  |                  |                 |
|---|--|------------------|-----------------|
| The amount of interest and other debt costs paid during the current period    |  | 538,491          |                 |
| The amount of interest and other debt costs accrued during the current period |  | <u>(587,361)</u> |                 |
| Interest paid is less than interest accrued by:                               |  |                  | <u>(48,870)</u> |

**Change in net position - governmental activities \$ 2,690,138**

The accompanying notes are an integral part of these statements.



**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

|  | ELECTRIC<br>UTILITY  | WATER<br>UTILITY     | SEWER<br>UTILITY     | TOTAL                |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |                      |                      |
| <b>CURRENT ASSETS</b>  |                      |                      |                      |                      |
| Cash   | \$ 1,399,755         | \$ (573,632)         | \$ 1,755,202         | \$ 2,581,325         |
| Accounts receivable  | 598,737              | 143,296              | 139,775              | 881,808              |
| Special assessment receivable  | -                    | 194,805              | 334,557              | 529,362              |
| Interest receivable  | -                    | -                    | 11,329               | 11,329               |
| Due from other funds   | 837,590              | 391,738              | 400,079              | 1,629,407            |
| Inventories  | 226,466              | 13,632               | -                    | 240,098              |
| <b>RESTRICTED ASSETS</b>   |                      |                      |                      |                      |
| Cash and investments   | <u>1,951,351</u>     | <u>1,487,184</u>     | <u>1,572,402</u>     | <u>5,010,937</u>     |
| <b>TOTAL CURRENT ASSETS</b>  | <u>5,013,899</u>     | <u>1,657,023</u>     | <u>4,213,344</u>     | <u>10,884,266</u>    |
| <b>NONCURRENT ASSETS</b>   |                      |                      |                      |                      |
| Capital assets (net of accumulated depreciation)                         |                      |                      |                      |                      |
| Capital assets not being depreciated                                     | 548,339              | 153,899              | 11,151               | 713,389              |
| Capital assets being depreciated   | <u>13,651,179</u>    | <u>9,859,699</u>     | <u>10,003,286</u>    | <u>33,514,164</u>    |
| <b>NET CAPITAL ASSETS</b>  | <u>14,199,518</u>    | <u>10,013,598</u>    | <u>10,014,437</u>    | <u>34,227,553</u>    |
| <b>OTHER ASSETS</b>  |                      |                      |                      |                      |
| Wisconsin Retirement System net pension                                  | -                    | 55,504               | 65,980               | 121,484              |
| <b>TOTAL NONCURRENT ASSETS</b>   | <u>14,199,518</u>    | <u>10,069,102</u>    | <u>10,080,417</u>    | <u>34,349,037</u>    |
| <b>TOTAL ASSETS</b>  | <u>19,213,417</u>    | <u>11,726,125</u>    | <u>14,293,761</u>    | <u>45,233,303</u>    |
| <b>DEFERRED OUTFLOWS OR RESOURCES</b>                                    |                      |                      |                      |                      |
| Charge on refunding  | 176,418              | 23,007               | -                    | 199,425              |
| Wisconsin Retirement System pension                                      | 370,088              | 129,540              | 153,991              | 653,619              |
| Wisconsin Retirement System LRLIF  | <u>39,294</u>        | <u>19,647</u>        | <u>23,355</u>        | <u>82,296</u>        |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                              | <u>585,800</u>       | <u>172,194</u>       | <u>177,346</u>       | <u>935,340</u>       |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   | <u>19,799,217</u>    | <u>11,898,319</u>    | <u>14,471,107</u>    | <u>46,168,643</u>    |
| <b>LIABILITIES</b>   |                      |                      |                      |                      |
| <b>CURRENT LIABILITIES</b>   |                      |                      |                      |                      |
| Accounts payable   | 392,228              | 147,921              | 87,089               | 627,238              |
| Accrued liabilities  |                      |                      |                      |                      |
| Payroll  | 46,430               | 45,264               | 76,756               | 168,450              |
| Interest   | 1,351                | -                    | -                    | 1,351                |
| Other  | 21,683               | -                    | -                    | 21,683               |
| Due to other funds   | 532,780              | 828,876              | 206,457              | 1,568,113            |
| Current portion of long-term obligations                                 | 48,400               | -                    | -                    | 48,400               |
| <b>PAYABLE FROM RESTRICTED ASSETS</b>                                    |                      |                      |                      |                      |
| Accrued interest   | 34,886               | 31,032               | 13,149               | 79,067               |
| Current portion of long-term obligations                                 | <u>478,474</u>       | <u>301,525</u>       | <u>206,127</u>       | <u>986,126</u>       |
| <b>TOTAL CURRENT LIABILITIES</b>   | <u>1,556,232</u>     | <u>1,354,618</u>     | <u>589,578</u>       | <u>3,500,428</u>     |
| <b>NONCURRENT LIABILITIES</b>  |                      |                      |                      |                      |
| Unearned revenue - other   | 15,761               | -                    | -                    | 15,761               |
| Long-term obligations  | <u>7,206,404</u>     | <u>6,014,025</u>     | <u>2,282,917</u>     | <u>15,503,346</u>    |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                      | <u>7,222,165</u>     | <u>6,014,025</u>     | <u>2,282,917</u>     | <u>15,519,107</u>    |
| <b>TOTAL LIABILITIES</b>   | <u>8,778,397</u>     | <u>7,368,643</u>     | <u>2,872,495</u>     | <u>19,019,535</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                      |                      |                      |                      |
| Unavailable revenue - special assessments                                | -                    | 194,805              | 306,367              | 501,172              |
| Wisconsin Retirement System pension                                      | 333,681              | 166,840              | 198,331              | 698,852              |
| Wisconsin Retirement System LRLIF  | <u>22,173</u>        | <u>11,087</u>        | <u>13,179</u>        | <u>46,439</u>        |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                              | <u>355,854</u>       | <u>372,732</u>       | <u>517,877</u>       | <u>1,246,463</u>     |
| <b>NET POSITION</b>  |                      |                      |                      |                      |
| Net investment in capital assets   | 7,440,755            | 4,404,085            | 7,896,722            | 19,741,562           |
| Restricted for debt service  | 1,916,465            | 1,142,646            | 868,976              | 3,928,087            |
| Restricted for other   | 111,008              | 369,010              | 756,257              | 1,236,275            |
| Unrestricted   | <u>1,196,738</u>     | <u>(1,758,797)</u>   | <u>1,558,780</u>     | <u>996,721</u>       |
| <b>TOTAL NET POSITION</b>  | <u>10,664,966</u>    | <u>4,156,944</u>     | <u>11,080,735</u>    | <u>25,902,645</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> | <u>\$ 19,799,217</u> | <u>\$ 11,898,319</u> | <u>\$ 14,471,107</u> | <u>\$ 46,168,643</u> |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

|  | <u>ELECTRIC<br/>UTILITY</u> | <u>WATER<br/>UTILITY</u>    | <u>SEWER<br/>UTILITY</u>  | <u>TOTAL</u>                  |
|--|-----------------------------|-----------------------------|---------------------------|-------------------------------|
| <b>OPERATING REVENUE</b>                                     |                             |                             |                           |                               |
| Charges for services   | \$ 7,488,579                | \$ 1,585,155                | \$ 1,811,140              | \$ 10,884,874                 |
| <b>OPERATING EXPENSES</b>                                    |                             |                             |                           |                               |
| Operations   | 4,788,122                   | 180,048                     | 275,240                   | 5,243,410                     |
| Maintenance  | 402,569                     | 610,398                     | 260,642                   | 1,273,609                     |
| General and administrative                                   | 637,907                     | 366,354                     | 597,165                   | 1,601,426                     |
| Depreciation   | 798,979                     | 270,140                     | 516,576                   | 1,585,695                     |
| Taxes  | 83,970                      | 26,134                      | 27,346                    | 137,450                       |
| <b>TOTAL OPERATING<br/>EXPENSES</b>                          | <u>6,711,547</u>            | <u>1,453,074</u>            | <u>1,676,969</u>          | <u>9,841,590</u>              |
| <b>OPERATING INCOME</b>                                      | <u>777,032</u>              | <u>132,081</u>              | <u>134,171</u>            | <u>1,043,284</u>              |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                      |                             |                             |                           |                               |
| Interest income  | 16,792                      | 12,316                      | 20,800                    | 49,908                        |
| Interest expense   | (213,605)                   | (188,991)                   | (75,214)                  | (477,810)                     |
| Amortization   | (20,755)                    | (2,706)                     | -                         | (23,461)                      |
| Other  | 651                         | -                           | -                         | 651                           |
| <b>TOTAL NONOPERATING<br/>REVENUES (EXPENSES)</b>            | <u>(216,917)</u>            | <u>(179,381)</u>            | <u>(54,414)</u>           | <u>(450,712)</u>              |
| <b>INCOME (LOSS) BEFORE TRANSFERS<br/>AND CONTRIBUTIONS</b>  | 560,115                     | (47,300)                    | 79,757                    | 592,572                       |
| <b>OPERATING TRANSFER IN (OUT)<br/>CAPITAL CONTRIBUTIONS</b> | (374,874)<br><u>81,350</u>  | (203,068)<br><u>806,726</u> | (6,367)<br><u>412,026</u> | (584,309)<br><u>1,300,102</u> |
| <b>CHANGE IN NET POSITION</b>                                | 266,591                     | 556,358                     | 485,416                   | 1,308,365                     |
| <b>NET POSITION BEGINNING OF YEAR</b>                        | <u>10,398,375</u>           | <u>3,600,586</u>            | <u>10,595,319</u>         | <u>24,594,280</u>             |
| <b>NET POSITION END OF YEAR</b>                              | <u>\$ 10,664,966</u>        | <u>\$ 4,156,944</u>         | <u>\$ 11,080,735</u>      | <u>\$ 25,902,645</u>          |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

|  | ELECTRIC<br>UTILITY | WATER<br>UTILITY  | SEWER<br>UTILITY    | TOTAL               |
|--|---------------------|-------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                   |                     |                     |
| Receipts from customers  | \$ 6,768,874        | \$ 1,079,598      | \$ 1,772,875        | \$ 9,621,347        |
| Receipts from (payments to) municipality   | 673,774             | 320,778           | 54,945              | 1,049,497           |
| Payments to suppliers for goods and services   | (5,383,514)         | (762,113)         | (624,436)           | (6,770,063)         |
| Payments for employees for services  | (162,894)           | (208,678)         | (354,470)           | (726,042)           |
| Payments for employee benefits   | (148,485)           | (62,178)          | (89,027)            | (299,690)           |
| Net cash provided by operating activities  | <u>1,747,755</u>    | <u>367,407</u>    | <u>759,887</u>      | <u>2,875,049</u>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                 |                     |                   |                     |                     |
| Transfer to governmental funds   | (374,874)           | (203,068)         | (6,367)             | (584,309)           |
| Net cash (used in) noncapital financing activities                                     | <u>(374,874)</u>    | <u>(203,068)</u>  | <u>(6,367)</u>      | <u>(584,309)</u>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                        |                     |                   |                     |                     |
| Acquisition of property, plant and equipment   | (536,484)           | (634,371)         | (766,007)           | (1,936,862)         |
| Receipt of developer's fees  | 81,350              | 806,726           | 412,026             | 1,300,102           |
| Issue of bonds and loans   | (125,658)           | (62,829)          | (74,686)            | (263,173)           |
| Retirement of bonds and loans  | (523,340)           | (300,060)         | (202,429)           | (1,025,829)         |
| Wisconsin Retirement System pension  | 32,471              | 16,236            | 19,301              | 68,008              |
| Charge on refunding  | 20,755              | 2,706             | -                   | 23,461              |
| Interest and amortization paid   | (236,687)           | (193,097)         | (77,183)            | (506,967)           |
| Net cash (used in) capital and related financing activities                            | <u>(1,287,593)</u>  | <u>(364,689)</u>  | <u>(688,978)</u>    | <u>(2,341,260)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                   |                     |                     |
| Interest received  | 16,792              | 12,316            | 20,800              | 49,908              |
| Net cash provided by investing activities  | <u>16,792</u>       | <u>12,316</u>     | <u>20,800</u>       | <u>49,908</u>       |
| Net change in cash and cash equivalents  | 102,080             | (188,034)         | 85,342              | (612)               |
| Cash and cash equivalents - beginning of year  | 3,249,026           | 1,101,586         | 3,242,262           | 7,592,874           |
| Cash and cash equivalents - end of year  | <u>\$ 3,351,106</u> | <u>\$ 913,552</u> | <u>\$ 3,327,604</u> | <u>\$ 7,592,262</u> |
| <b>Reconciliation of cash to balance sheet</b>   |                     |                   |                     |                     |
| Cash   | \$ 1,399,755        | \$ (573,632)      | \$ 1,755,202        | \$ 2,581,325        |
| Restricted cash and investments  | 1,951,351           | 1,487,184         | 1,572,402           | 5,010,937           |
| Total cash on cash flow statement  | <u>\$ 3,351,106</u> | <u>\$ 913,552</u> | <u>\$ 3,327,604</u> | <u>\$ 7,592,262</u> |
| <b>Reconciliation of operating income to net cash provided by operating activities</b> |                     |                   |                     |                     |
| Operating income (loss)  | \$ 777,032          | \$ 132,081        | \$ 134,171          | \$ 1,043,284        |
| Adjustments to reconcile operating income to net cash flows from operating activities  |                     |                   |                     |                     |
| Depreciation   | 798,979             | 270,140           | 516,576             | 1,585,695           |
| Changes in assets and liabilities  |                     |                   |                     |                     |
| (Increase) decrease in receivables   | (126,514)           | (18,224)          | (5,138)             | (149,876)           |
| (Increase) decrease in due from other funds  | (15,320)            | (189,107)         | -                   | (204,427)           |
| (Increase) decrease in inventories   | 158,674             | 205               | -                   | 158,879             |
| (Increase) decrease in Wisconsin Retirement System net pension                         | -                   | (55,504)          | (65,980)            | (121,484)           |
| (Increase) decrease in Wisconsin Retirement System pension                             | 127,399             | 119,203           | 141,700             | 388,302             |
| (Increase) decrease in Wisconsin Retirement System LRLIF                               | (26,182)            | (13,090)          | (15,561)            | (54,833)            |
| Increase (decrease) in accounts payable  | (50,597)            | 90,959            | 23,682              | 64,044              |
| Increase (decrease) in due to other funds  | 99,448              | 22,552            | 21,818              | 143,818             |
| Increase (decrease) in compensated absences  | 10,084              | 8,192             | 8,619               | 26,895              |
| Increase (decrease) in other payables  | (1,703)             | -                 | -                   | (1,703)             |
| Increase (decrease) in unearned revenue  | (3,545)             | -                 | -                   | (3,545)             |
| Total adjustments  | <u>970,723</u>      | <u>235,326</u>    | <u>625,716</u>      | <u>1,831,765</u>    |
| Net cash provided by operating activities  | <u>\$ 1,747,755</u> | <u>\$ 367,407</u> | <u>\$ 759,887</u>   | <u>\$ 2,875,049</u> |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**DECEMBER 31, 2020**

|   | <b>CUSTODIAL FUND</b> |
|---|-----------------------|
| <b>ASSETS</b>                             |                       |
| Cash                                      | \$ 4,153,899          |
| Taxes receivable                          | 3,638,529             |
| <b>TOTAL ASSETS</b>                       | <b>7,792,428</b>      |
| <br><b>LIABILITIES</b>                    |                       |
| Due to other governments                  | 4,153,899             |
| <br><b>NET POSITION</b>                   |                       |
| Restricted for other governments          | 3,638,529             |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 7,792,428</b>   |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**YEAR ENDED DECEMBER 31, 2020**

|                                   | <b>CUSTODIAL FUND</b> |
|-----------------------------------|-----------------------|
| <b>ADDITIONS</b>                  |                       |
| Collections for other governments | \$ 7,792,428          |
| <br><b>DEDUCTIONS</b>             |                       |
| Payments to other governments     | 8,082,300             |
| <br>CHANGE IN NET POSITION        | <br>(289,872)         |
| NET POSITION - BEGINNING OF YEAR  | 3,928,401             |
| <b>NET POSITION - END OF YEAR</b> | <b>\$ 3,638,529</b>   |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 1 - Summary of Significant Accounting Policies**

The financial statements of the City of Lake Mills, Wisconsin (the "City") have been prepared in conformity with generally accepted accounting principles (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:

**Reporting Entity** - The City of Lake Mills, Wisconsin was incorporated under the provisions of Chapter 280, Laws of Wisconsin, 1883. The City operates under a City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The City's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability and fiscal dependency the City has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the City's financial accountability for a legally separate organization: the City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately-elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly-appointed board. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

The Lake Mills Housing Authority is not considered a component unit of the City. Although the City does appoint the Housing Authority's Board, it cannot impose its will since Board members can only be removed for just cause. Any financial benefit or burden is insignificant.

**Basis of Presentation**

**Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's electric, water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the City's primary operating fund.

Capital Projects Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

Electric Utility - accounts for operations of the electric system.

Water Utility - accounts for operations of the water system.

Sewer Utility - accounts for operations of the sewer system.

In addition, the City reports the following fund types:

Permanent Funds - Cemetery Perpetual Care and Library Endowment - are used to account for financial resources to be used for a specific purpose.

Fiduciary Custodial Fund - Tax - is used to account for assets held by the City for other governmental units.



**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenue as soon as all eligibility requirements imposed by the provider are met.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and Cash Equivalents** - Cash and cash equivalents, as classified in the statement of cash flows, consist of all highly liquid investments with an initial maturity of three months or less.

**Accounts Receivable** - Accounts receivable have been adjusted for all uncollectible accounts. No allowance for uncollectible accounts has been recorded since management believes all accounts are collectible. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made in the accompanying proprietary fund financial statements because the electric, water, and sewer utility has the right to place delinquent bills on the tax roll.

**Due To/From Advance To/From Other Funds** - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. Long-term interfund loans (noncurrent portion) are reported as advances from and to other funds. In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance amount which indicates it is not expendable available financial resources and, therefore, are not available for appropriation. Eliminations have been made for amounts due to/from and advance to/from within the same fund type on the government-wide statements.

**Interfund Transactions** - Non exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Inventories** - Inventories are priced at the lower of cost (first-in, first-out) or market. The cost of governmental fund type inventories are recorded as expenditures when purchased.

**Prepaid Items** - Prepaid items represent payments for goods or services for which benefits extend beyond December 31. A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

**Restricted Cash** - The 2007, 2009, 2014 and 2016 mortgage revenue bond ordinances require segregation of the proceeds of the bond issues and the creation and continual funding of several funds from operating revenue as described below:

Special Redemption Fund - The bond ordinances require monthly deposits to the redemption account in an amount equal to one-sixth of the next installment of interest coming due on the bonds and one-twelfth of the installment of principal coming due on the next succeeding principal payment date. This account is to be used solely for the payment of principal and interest on bonds as they become due.

Reserve Fund - A reserve fund is to be established with a balance of \$696,047. This account shall have funds taken from it only when the bond and interest redemption funds are not sufficient to meet principal and interest payments.

Equipment Replacement Fund - The Sewer Utility has established an equipment replacement fund to be used for significant wastewater treatment and collection system mechanical equipment replacement as required by the Wisconsin Department of Natural Resources as a condition to receiving construction grants. An annual deposit or qualifying replacement expenditures totaling \$46,700 is required.

Impact Fees - Revenue from impact fees is placed in a segregated, interest-bearing account as required by Wisconsin State Statute 66.0617.

Other Funds - These funds consist of unspent construction and improvement receipts and monies set aside to pay general obligation debt.

The December 31, 2020 balances of the Utility's restricted assets are as follows:

|                                   | <u>Electric</u>     | <u>Water</u>        | <u>Sewer</u>        | <u>Totals</u>       |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue bond                      |                     |                     |                     |                     |
| Special redemption fund           | \$ 1,294,215        | \$ 1,132,052        | \$ 441,701          | \$ 2,867,968        |
| Reserve fund                      | 657,136             | 41,626              | 440,424             | 1,139,186           |
| DNR equipment replacement account | -                   | -                   | 396,178             | 396,178             |
| Impact fees                       | -                   | 313,506             | 294,099             | 607,605             |
| <b>Total</b>                      | <u>\$ 1,951,351</u> | <u>\$ 1,487,184</u> | <u>\$ 1,572,402</u> | <u>\$ 5,010,937</u> |

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Capital Assets** - In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$2,500 for general capital assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

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

|                   |               |
|-------------------|---------------|
| Buildings         | 15 - 50 years |
| Land improvements | 10 - 75 years |
| Equipment         | 4 - 12 years  |
| Infrastructure    | 15 - 75 years |

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

The range of estimated useful lives by type of asset for business-type activities is as follows:

|                   |                |
|-------------------|----------------|
| Buildings         | 30 - 50 years  |
| Land improvements | 30 - 100 years |
| Equipment         | 7 - 40 years   |

**Compensated Absences** - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation is vested as earned and sick pay is vested at varying percentages after five or more years of service. Vacation pay and vested sick pay are accrued when incurred in government-wide and proprietary funds and reported as a fund liability. Vacation pay and vested sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it only if they have matured.

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**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.

**Other Post Employment Benefits (OPEB) LRLIF** - 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 post employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs 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.

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has three items that qualify for reporting in this category. They are the deferred charge on refunding, Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has three types of items, unavailable revenue, Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF which qualify for reporting in this category. The unavailable revenue is from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period they become available. The Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF result from changes in the actuarial study and are amortized over the average of the expected remaining service lives of participants.

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

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Net Position Classifications** - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Fund Balance Classifications** - The City classifies its fund equity as follows: 1) nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the City itself, using its highest level of decision making authority - City Council policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The City Council has authorized the Treasurer/Finance Director to assign fund balances through its financial management policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the City's policy to record the net loss against unassigned fund balance, then assigned fund balance, then committed fund balance and lastly to restricted fund balance. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**NOTE 2 - Cash and Investments**

State statutes permit the City to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. No significant violations of these restrictions occurred during the year.

As of December 31, 2020, the City had the following investments:

| <u>Investment</u>                  | <u>Weighted Average<br/>Maturities</u> | <u>Fair<br/>Value</u> |
|------------------------------------|--|-----------------------|
| State of Wisconsin Investment Pool | Less than one year                     | \$ 1,621,646          |
| Community Investment Partners      | Less than one year                     | 2,558,199             |
| Certificates of deposit            | Less than one year                     | 10,526                |
| Total                              |  | <u>\$ 4,190,371</u>   |

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 2 - Cash and Investments - Continued**

**Investment Pool Information** - Participation in the State of Wisconsin Local Government Investment Pool and Community Investment Partners is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2020, the Pool's fair value was 100 percent of book value.

**Determining Fair Value** - 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 assets. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements:

- 1) State of Wisconsin Local Government Investment Pool and Community Investment Partners fair value is determined by the investment board based on published market quotations. (level 2 inputs)

**Income Allocation** - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

**Interest Rate Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The City does not have a formal investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. The State of Wisconsin Investment Pool and Investment Community Partners are not rated.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2020, \$11,668,536 of the City's bank balance of \$17,969,454 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government and municipal governments' securities held by the banks in the City's name. \$4,761,267 was uninsured and not collateralized.

**NOTE 3 - Property Taxes**

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied in December and payable in two installments on January 31 and July 31, or payable in full on January 31. Special assessments, charges, and personal property taxes are payable in full on January 31. The City bills and collects its own property taxes and also taxes for the State, County, Technical College, and Public Schools until February 1, at which time all uncollected real estate taxes are turned over to the County for collection.

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 3 - Property Taxes - Continued**

Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Tax Fund. City property tax revenue is recognized in the year they are levied for and available for use. The 2020 tax roll has been set up as a receivable and is offset by the amounts due to other governmental units. Advance tax collections are offset against the receivable.

**NOTE 4 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2020 are as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities:   |                              |                     |                     |                           |
| Capital assets not being depreciated:                                      |                              |                     |                     |                           |
| Land   | \$ 850,437                   | \$ -                | \$ (81,120)         | \$ 769,317                |
| Construction in progress   | 1,567,727                    | -                   | (475,409)           | 1,092,318                 |
| Total capital assets not being depreciated                                 | <u>2,418,164</u>             | <u>-</u>            | <u>(556,529)</u>    | <u>1,861,635</u>          |
| Capital assets being depreciated:  |                              |                     |                     |                           |
| Land improvements  | 1,865,000                    | 84,397              | (5,500)             | 1,943,897                 |
| Buildings and improvements   | 11,761,291                   | -                   | (95,630)            | 11,665,661                |
| Equipment  | 6,130,261                    | 1,265,939           | (247,000)           | 7,149,200                 |
| Infrastructure   | 15,314,706                   | 2,011,199           | -                   | 17,325,905                |
| Total capital assets being depreciated                                     | <u>35,071,258</u>            | <u>3,361,535</u>    | <u>(348,130)</u>    | <u>38,084,663</u>         |
| Less accumulated depreciation for:   |                              |                     |                     |                           |
| Land improvements  | (590,244)                    | (62,241)            | 5,500               | (646,985)                 |
| Buildings and improvements   | (3,548,335)                  | (236,763)           | 95,630              | (3,689,468)               |
| Equipment  | (5,078,740)                  | (447,367)           | 247,000             | (5,279,107)               |
| Infrastructure   | (9,774,089)                  | (426,177)           | -                   | (10,200,266)              |
| Total accumulated depreciation   | <u>(18,991,408)</u>          | <u>(1,172,548)</u>  | <u>348,130</u>      | <u>(19,815,826)</u>       |
| Total capital assets being depreciated,<br>net of accumulated depreciation | <u>16,079,850</u>            | <u>2,188,987</u>    | <u>-</u>            | <u>18,268,837</u>         |
| Governmental activities capital assets,<br>net of accumulated depreciation | <u>\$ 18,498,014</u>         | <u>\$ 2,188,987</u> | <u>\$ (556,529)</u> | <u>\$ 20,130,472</u>      |

Depreciation expense was charged to functions as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| General government                | \$ 42,737           |
| Public safety                     | 256,904             |
| Public works                      | 678,655             |
| Health and human services         | 3,031               |
| Culture, recreation and education | 177,699             |
| Conservation and development      | 13,522              |
| Total                             | <u>\$ 1,172,548</u> |



**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 4 - Capital Assets - Continued**

|   | Beginning<br>Balance | Increases           | Decreases             | Ending<br>Balance    |
|---|----------------------|---------------------|-----------------------|----------------------|
| Business-type activities:   |                      |                     |                       |                      |
| Capital assets not being depreciated:                                       |                      |                     |                       |                      |
| Land  | \$ 133,082           | \$ -                | \$ -                  | \$ 133,082           |
| Construction in progress  | 3,902,817            | 1,425,254           | (4,747,764)           | 580,307              |
| Total capital assets not being depreciated                                  | <u>4,035,899</u>     | <u>1,425,254</u>    | <u>(4,747,764)</u>    | <u>713,389</u>       |
| Capital assets being depreciated:   |                      |                     |                       |                      |
| Land improvements   | 382,576              | -                   | -                     | 382,576              |
| Buildings   | 7,278,843            | -                   | -                     | 7,278,843            |
| Equipment and systems   | 47,416,602           | 5,322,879           | (155,239)             | 52,584,242           |
| Total capital assets being depreciated                                      | <u>55,078,021</u>    | <u>5,322,879</u>    | <u>(155,239)</u>      | <u>60,245,661</u>    |
| Less accumulated depreciation for:  |                      |                     |                       |                      |
| Land improvements   | (249,401)            | (11,019)            | -                     | (260,420)            |
| Buildings   | (2,819,912)          | (196,160)           | -                     | (3,016,072)          |
| Equipment and systems   | (22,168,221)         | (1,442,023)         | 155,239               | (23,455,005)         |
| Total accumulated depreciation  | <u>(25,237,534)</u>  | <u>(1,649,202)</u>  | <u>155,239</u>        | <u>(26,731,497)</u>  |
| Total capital assets being depreciated,<br>net of accumulated depreciation  | <u>29,840,487</u>    | <u>3,673,677</u>    | <u>-</u>              | <u>33,514,164</u>    |
| Business-type activities capital assets,<br>net of accumulated depreciation | <u>\$ 33,876,386</u> | <u>\$ 5,098,931</u> | <u>\$ (4,747,764)</u> | <u>\$ 34,227,553</u> |

Depreciation expense was charged to functions as follows:

|   |                     |
|---|---------------------|
| Electric utility                                | \$ 816,306          |
| Water utility                                   | 292,935             |
| Sewer utility                                   | 539,961             |
| Total depreciation for business-type activities | <u>\$ 1,649,202</u> |

**NOTE 5 - Long-Term Obligations**

Long-term obligations are as follows:

|                                  | Beginning<br>Balance | Increases           | Decreases             | Ending<br>Balance    | Amounts<br>Due Within<br>One Year |
|----------------------------------|----------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Governmental Activities          |                      |                     |                       |                      |                                   |
| Bonds payable                    | \$ 16,035,000        | \$ 2,725,000        | \$ (1,415,000)        | \$ 17,345,000        | \$ 1,730,000                      |
| Notes payable - direct borrowing | 773,515              | 195,000             | (227,694)             | 740,821              | 91,474                            |
| Notes payable - direct placement | 2,305,000            | -                   | (330,000)             | 1,975,000            | 335,000                           |
| Premium                          | 443,039              | 77,260              | (33,376)              | 486,923              | 35,307                            |
| Vested vacation pay              | 76,134               | 68,594              | (76,134)              | 68,594               | 68,594                            |
| Vested sick pay                  | 114,200              | 96,990              | (114,200)             | 96,990               | 32,330                            |
| Wisconsin Retirement System      |                      |                     |                       |                      |                                   |
| Net pension liability            | 600,314              | -                   | (600,314)             | -                    | -                                 |
| LRLIF                            | 296,886              | 146,391             | -                     | 443,277              | -                                 |
| Supplemental pension             | 527,691              | -                   | (527,691)             | -                    | -                                 |
| Total                            | <u>\$ 21,171,779</u> | <u>\$ 3,309,235</u> | <u>\$ (3,324,409)</u> | <u>\$ 21,156,605</u> | <u>\$ 2,292,705</u>               |

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 5 - Long-Term Obligations - Continued**

|   | Beginning<br>Balance        | Increases               | Decreases                    | Ending<br>Balance           | Amounts<br>Due Within<br>One Year |
|---|-----------------------------|-------------------------|------------------------------|-----------------------------|-----------------------------------|
| <b>Business-type Activities</b>             |                             |                         |                              |                             |                                   |
| Mortgage revenue bonds - electric           | \$ 7,788,110                | \$ -                    | \$ (474,940)                 | \$ 7,313,170                | \$ 478,474                        |
| Mortgage revenue bonds - water              | 6,566,889                   | -                       | (300,060)                    | 6,266,829                   | 301,525                           |
| Mortgage revenue bonds - sewer              | 2,555,668                   | -                       | (164,205)                    | 2,391,463                   | 166,463                           |
| Notes payable - direct borrowing - electric | 371,067                     | -                       | (48,400)                     | 322,667                     | 48,400                            |
| Notes payable - direct borrowing - sewer    | 77,888                      | -                       | (38,224)                     | 39,664                      | 39,664                            |
| <b>Wisconsin Retirement System</b>          |                             |                         |                              |                             |                                   |
| Net pension liability - electric            | 125,658                     | -                       | (125,658)                    | -                           | -                                 |
| LRLIF - electric                            | 64,970                      | 32,471                  | -                            | 97,441                      | -                                 |
| Net pension liability - water               | 62,829                      | -                       | (62,829)                     | -                           | -                                 |
| LRLIF - water                               | 32,485                      | 16,236                  | -                            | 48,721                      | -                                 |
| Net pension liability - sewer               | 74,686                      | -                       | (74,686)                     | -                           | -                                 |
| LRLIF - sewer                               | 38,616                      | 19,301                  | -                            | 57,917                      | -                                 |
| <b>Total</b>                                | <b><u>\$ 17,758,866</u></b> | <b><u>\$ 68,008</u></b> | <b><u>\$ (1,289,002)</u></b> | <b><u>\$ 16,537,872</u></b> | <b><u>\$ 1,034,526</u></b>        |

In prior years, the general fund liquidated vested employee benefits. Interest cost incurred during the year totaled \$548,933 for the governmental-type activities and \$477,810 for business-type activities. Total interest paid during the year aggregated \$520,543 for governmental type activities and \$482,912 for business-type activities.

**General Obligation Debt** - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes and special assessments. General obligation debt at December 31, 2020, is comprised of the following individual issues:

| <u>Issue Description</u>         | <u>Issue<br/>Dates</u> | <u>Interest<br/>Rates (%)</u> | <u>Dates of<br/>Maturity</u> | <u>Balance</u>              |
|----------------------------------|------------------------|-------------------------------|------------------------------|-----------------------------|
| Bonds                            | 4/11/12                | 1.1 - 2.75%                   | 3/1/24                       | \$ 1,415,000                |
| Notes payable - direct placement | 9/4/14                 | .7 - 3.1%                     | 9/1/24                       | 585,000                     |
| Bonds                            | 9/4/14                 | 2 - 4%                        | 9/1/33                       | 2,930,000                   |
| Bonds                            | 6/23/15                | 2.5 - 3%                      | 6/1/30                       | 2,460,000                   |
| Bonds                            | 7/13/16                | 2 - 3%                        | 6/1/36                       | 2,310,000                   |
| Notes payable - direct placement | 4/6/17                 | 1.1 - 2.95%                   | 4/1/27                       | 1,390,000                   |
| Bonds                            | 4/6/17                 | 3 - 3.25%                     | 4/1/32                       | 1,025,000                   |
| Bonds                            | 7/11/18                | 3%                            | 5/1/28                       | 2,190,000                   |
| Notes payable - direct borrowing | 6/21/19                | 3.5%                          | 4/20/29                      | 545,821                     |
| Bonds                            | 6/27/19                | 3%                            | 5/1/39                       | 2,265,000                   |
| Bonds                            | 6/27/19                | 3%                            | 5/1/25                       | 25,000                      |
| Bonds                            | 6/10/20                | 2%                            | 4/1/40                       | 2,725,000                   |
| Notes payable - direct borrowing | 10/27/20               | 2.5%                          | 6/1/25                       | 195,000                     |
| <b>Total</b>                     |                        |                               |                              | <b><u>\$ 20,060,821</u></b> |

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 5 - Long-Term Obligations - Continued**

**Default With Finance Related Consequences** - The 6/21/19 and 10/27/20 notes payable - direct borrowing contain provisions that in event of default, outstanding amounts become immediately due if the City is unable to make the payment.

**Subjective Acceleration Clause** - The 6/21/19 and 10/27/20 notes payable - direct borrowing contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

Proprietary fund debt is expected to be repaid with electric, water and sewer utilities revenue. Proprietary fund debt at December 31, 2020, is comprised of the following individual issues:

| <u>Issue Description</u>        | <u>Issue Dates</u> | <u>Interest Rates (%)</u> | <u>Dates of Maturity</u> | <u>Balance</u>       |
|---------------------------------|--------------------|---------------------------|--------------------------|----------------------|
| Mortgage revenue bonds-sewer    | 10/24/01           | 3.042%                    | 5/1/21                   | \$ 76,463            |
| Notes-direct borrowing-sewer    | 11/1/11            | 3.75%                     | 3/15/21                  | 39,664               |
| Mortgage revenue bonds-water    | 5/17/13            | 3 - 3.625%                | 5/1/34                   | 860,000              |
| Mortgage revenue bonds-electric | 9/4/14             | 3 - 3.625%                | 5/1/34                   | 3,105,000            |
| Mortgage revenue bonds-electric | 7/13/16            | 2 - 2.2%                  | 5/1/29                   | 2,540,586            |
| Mortgage revenue bonds-water    | 7/13/16            | 2 - 2.2%                  | 5/1/29                   | 1,054,413            |
| Mortgage revenue bonds-electric | 4/6/17             | 3 - 3.75%                 | 5/1/37                   | 1,025,000            |
| Notes-direct borrowing-electric | 8/22/17            | -                         | 8/22/27                  | 322,667              |
| Bonds-electric                  | 7/11/18            | 3.2 - 4%                  | 5/1/38                   | 642,584              |
| Bonds-water                     | 7/11/18            | 3.2 - 4%                  | 5/1/38                   | 987,416              |
| Bonds-water                     | 6/27/19            | 3%                        | 5/1/39                   | 3,365,000            |
| Bonds-sewer                     | 6/27/19            | 3%                        | 5/1/39                   | 2,315,000            |
| Total                           |                    |                           |                          | <u>\$ 16,333,793</u> |

**General Obligation Debt Limit Calculation** - The 2020 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$639,518,000. The legal debt limit and margin of indebtedness as of December 31, 2020, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

|                                  |                      |
|----------------------------------|----------------------|
| Debt limit (5% of \$639,518,000) | \$ 31,975,900        |
| Applicable long-term debt        | (20,423,152)         |
| Amount available in debt service | -                    |
| Margin of indebtedness           | <u>\$ 11,552,748</u> |

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 5 - Long-Term Obligations - Continued**

**Maturities of Long-Term Obligations** - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

| Governmental Activities    |               |              |   |            |               |
|----------------------------|---------------|--------------|---|------------|---------------|
| Year Ending<br>December 31 | Bonds         |              | Notes Payable - Direct<br>Borrowing and Placement |            | Total         |
|                            | Principal     | Interest     | Principal   | Interest   |               |
| 2021                       | \$ 1,730,000  | \$ 399,128   | \$ 426,474  | \$ 68,861  | \$ 2,624,463  |
| 2022                       | 1,565,000     | 359,062      | 462,298   | 60,910     | 2,447,270     |
| 2023                       | 1,575,000     | 317,978      | 450,165   | 49,832     | 2,392,975     |
| 2024                       | 1,590,000     | 275,526      | 453,118   | 38,125     | 2,356,769     |
| 2025                       | 1,480,000     | 236,150      | 281,176   | 25,740     | 2,023,066     |
| 2026-2030                  | 5,575,000     | 637,894      | 642,590   | 34,464     | 6,889,948     |
| 2031-2035                  | 2,375,000     | 197,720      | -   | -          | 2,572,720     |
| 2036-2040                  | 1,455,000     | 30,225       | -   | -          | 1,485,225     |
|                            | \$ 17,345,000 | \$ 2,453,683 | \$ 2,715,821                                      | \$ 277,932 | \$ 22,792,436 |

| Business-Type Activities   |               |              |   |          |               |
|----------------------------|---------------|--------------|---|----------|---------------|
| Year Ending<br>December 31 | Bonds         |              | Notes Payable - Direct<br>Borrowing and Placement |          | Total         |
|                            | Principal     | Interest     | Principal   | Interest |               |
| 2021                       | \$ 946,462    | \$ 454,492   | \$ 88,064   | \$ 1,487 | \$ 1,490,505  |
| 2022                       | 965,000       | 428,703      | 48,400  | -        | 1,442,103     |
| 2023                       | 980,000       | 402,529      | 48,400  | -        | 1,430,929     |
| 2024                       | 1,005,000     | 375,878      | 48,400  | -        | 1,429,278     |
| 2025                       | 1,030,000     | 348,604      | 48,400  | -        | 1,427,004     |
| 2026-2030                  | 5,115,000     | 1,312,363    | 80,667  | -        | 6,508,030     |
| 2031-2035                  | 3,905,000     | 623,763      | -   | -        | 4,528,763     |
| 2036-2040                  | 2,025,000     | 117,837      | -   | -        | 2,142,837     |
|                            | \$ 15,971,462 | \$ 4,064,169 | \$ 362,331  | \$ 1,487 | \$ 20,399,449 |

**Bond Compliance Requirements** - A statutory mortgage lien upon the Electric, Water, and Sewer Utilities and any additions, improvements, and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the resolution creating the 2009 bond issues.

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 5 - Long-Term Obligations - Continued**

The 2009 mortgage bond ordinances require segregation of the proceeds of the bond issues and creation and continual funding of redemption, reserve, and depreciation funds. These are further discussed in Note 1.

The resolution authorizing the issuance of the 2009 mortgage revenue bonds requires the Utility to maintain earnings of at least 1.25 times the annual debt service on the 2009 bonds. The calculation of the 2011 earnings requirement follows:

|  | <u>Electric</u>         | <u>Water</u>          | <u>Sewer</u>          | <u>Total</u>            |
|--|-------------------------|-----------------------|-----------------------|-------------------------|
| Operating revenue  | \$ 7,488,579            | \$ 1,585,155          | \$ 1,811,140          | \$ 10,884,874           |
| Interest income  | <u>16,792</u>           | <u>12,316</u>         | <u>20,800</u>         | <u>49,908</u>           |
| TOTAL REVENUE  | 7,505,371               | 1,597,471             | 1,831,940             | 10,934,782              |
| Less: Total operating expenses<br>excluding depreciation and<br>tax equivalent | <u>5,537,694</u>        | <u>979,866</u>        | <u>1,160,393</u>      | <u>7,677,953</u>        |
| <br>EARNINGS DEFINED<br>BY ORDINANCE   | <br><u>\$ 1,967,677</u> | <br><u>\$ 617,605</u> | <br><u>\$ 671,547</u> | <br><u>\$ 3,256,829</u> |
| <br>REQUIRED EARNINGS<br>(1.25 times annual<br>debt service)                   | <br><u>\$ 852,158</u>   | <br><u>\$ 604,379</u> | <br><u>\$ 294,658</u> | <br><u>\$ 1,751,195</u> |

The Utilities, in total, are in compliance with all material bond requirements.

**NOTE 6 - Wisconsin Retirement System**

**General Information about the Pension Plan**

**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, expected to work at least 1,200 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 WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 6 - Wisconsin Retirement System - Continued**

**Vesting** - For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits Provided** - Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**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:

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 2010 | (1.3)                | 22                       |
| 2011 | (1.2)                | 11                       |
| 2012 | (7)                  | (7)                      |
| 2013 | (9.6)                | 9                        |
| 2014 | 4.7                  | 25                       |
| 2015 | 2.9                  | 2                        |
| 2016 | .5                   | (5)                      |
| 2017 | 2                    | 4                        |
| 2018 | 2.4                  | 17                       |
| 2019 | -                    | (10)                     |

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 6 - Wisconsin Retirement System - Continued**

**Contributions** - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees.

Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$245,998 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

| Employee Category   | Employee | Employer |
|---|----------|----------|
| General (including teachers, executives, and elected officials) | 6.55%    | 6.55%    |
| Protective with Social Security                                 | 6.55%    | 10.55%   |
| Protective without Social Security                              | 6.55%    | 14.95%   |

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

At December 31, 2020, the City reported a liability (asset) of (\$760,561) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was .02358728%, which was a decrease of .00068375% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$283,662.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 6 - Wisconsin Retirement System - Continued**

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience  | \$ 1,443,721                         | \$ 722,485                          |
| Net differences between projected and actual earnings on pension plan investments                             | -                                    | 1,554,858                           |
| Changes in assumptions  | 59,267                               | -                                   |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 274                                  | 8,847                               |
| Employer contributions subsequent to the measurement date   | 271,810                              | -                                   |
| <b>Total</b>  | <b>\$ 1,775,072</b>                  | <b>\$ 2,286,190</b>                 |

\$271,810 reported as deferred outflows related to pension resulting from the WRS Employer'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, 2021. 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 Ending<br>December 31 | Deferred Outflows<br>and (Inflows) of<br>Resources |
|----------------------------|--|
| 2021                       | \$ (233,910)                                       |
| 2022                       | (174,928)  |
| 2023                       | 25,813   |
| 2024                       | (399,903)  |
| Thereafter                 | -  |

**Actuarial Assumptions** - The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |                                |
|---|--------------------------------|
| Actuarial Valuation Date:                         | December 31, 2018              |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2019              |
| Actuarial Cost Method:                            | Entry Age Normal               |
| Asset Valuation Method:                           | Fair Market Value              |
| Long-Term Expected Rate of Return:                | 7%                             |
| Discount Rate:                                    | 7%                             |
| Salary Increases:                                 |                                |
| Inflation   | 3%                             |
| Seniority/Merit                                   | .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.*



**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 6 - Wisconsin Retirement System - Continued**

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, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

**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:

Asset Allocation Targets and Expected Returns  
As of December 31, 2019

| Core Fund Asset Class      | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------|--------------------|---|--|
| Global Equities            | 49                 | 8   | 5.1                                      |
| Fixed Income               | 24.5               | 4.9   | 2.1                                      |
| Inflation Sensitive Assets | 15.5               | 4   | 1.2                                      |
| Real Estate                | 9                  | 6.3   | 3.5                                      |
| Private Equity/Debt        | 8                  | 10.6  | 7.6                                      |
| Multi-Asset                | 4                  | 6.9   | 4  |
| Total Core Fund            | 110                | 7.5   | 4.6                                      |
| Variable Fund Asset Class  |                    |   |  |
| U.S. Equities              | 70                 | 7.5   | 4.6                                      |
| International Equities     | 30                 | 8.2   | 5.3                                      |
| Total Variable Fund        | 100                | 7.8   | 4.9                                      |

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.75%

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

**Single Discount Rate** - A single discount rate of 7% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7% 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

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 6 - Wisconsin Retirement System - Continued**

to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 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 percent) or 1-percentage-point higher (8 percent) than the current rate:

|   | 1% Decrease to<br>Discount Rate<br>(6%) | Current Discount<br>Rate<br>(7%) | 1% Increase to<br>Discount Rate<br>(8%) |
|---|---|----------------------------------|---|
| City's proportionate share of the net pension liability (asset) | \$ 1,958,582                            | \$ (760,561)                     | \$ (2,793,434)                          |

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Payables to the Pension Plan** - The City reported a payable of \$46,430 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund**

**General Information about the Other Post Employment Benefits**

**Plan Description** - The LRLIF is a multiple-employer defined-benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post employment 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>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

**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:

| Coverage Type                | Employer Contribution        |
|------------------------------|------------------------------|
| 50% post retirement coverage | 40% of employee contribution |
| 25% post retirement coverage | 20% of employee contribution |

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, 2019 are as listed below:

| Life Insurance<br>Employee Contribution Rates*<br>For the year ended December 31, 2019 |       |              |
|--|-------|--------------|
| Attained Age   | Basic | Supplemental |
| Under 30   | \$.05 | \$.05        |
| 30-34  | .06   | .06          |
| 35-39  | .07   | .07          |
| 40-44  | .08   | .08          |
| 45-49  | .12   | .12          |
| 50-54  | .22   | .22          |
| 55-59  | .39   | .39          |
| 60-64  | .49   | .49          |
| 65-69  | .57   | .57          |

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

During the reporting period, the LRLIF recognized \$2,748 in contributions from the employer.

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

At December 31, 2020, the City reported a liability (asset) of \$647,356 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was .152026%, which was a decrease of .015765% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$62,223.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

|   | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Differences between expected and actual experience  | \$ -                           | \$ 29,000                     |
| Net differences between projected and actual earnings on OPEB plan investments                                | 12,212                         | -                             |
| Changes in assumption   | 238,813                        | 71,204                        |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 7,278                          | 47,104                        |
| Employer contributions subsequent to the measurement date   | 2,748                          | -                             |
| Total   | \$ 261,051                     | \$ 147,308                    |

\$2,748 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, 2021. 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 Ending December 31 | Deferred Outflows and (Inflows) of Resources |
|-------------------------|--|
| 2021                    | \$ 19,458                                    |
| 2022                    | 19,458                                       |
| 2023                    | 18,141                                       |
| 2024                    | 16,785                                       |
| Thereafter              | 37,153                                       |

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

|  |                                |
|--|--------------------------------|
| Actuarial Valuation Date:                      | January 1, 2019                |
| Measurement Date of Net OPEB Liability (Asset) | December 31, 2019              |
| Actuarial Cost Method:                         | Entry Age Normal               |
| 20 Year Tax Exempt Municipal Bond Yield:       | 2.74%                          |
| Long-Term Expected Rate of Return:             | 4.25%                          |
| Discount Rate:                                 | 2.87%                          |
| Salary Increases:                              |                                |
| Inflation                                      | 3%                             |
| Seniority/Merit                                | .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. The total OPEB liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2019 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.

Local OPEB Life Insurance  
 Asset Allocation Targets and Expected Returns  
 As of December 31, 2019

| Asset Class                       | Index                | Target Allocation % | Long-Term Expected Geometric Real Rate of Return % |
|-----------------------------------|----------------------|---------------------|--|
| US Credit Bonds                   | Barclays Credit      | 45                  | 2.12   |
| US Long Credit Bonds              | Barclays Long Credit | 5                   | 2.9  |
| US Mortgages                      | Barclays MBS         | 50                  | 1.53   |
| Inflation                         |                      |                     | 2.2  |
| Long-term Expected Rate of Return |                      |                     | 4.25   |

The long-term expected rate of return slightly decreased from 5% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.3% in the prior year to 2.2% in the current year. 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.

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

**Single Discount Rate** - A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.1% as of December 31, 2018 to 2.74% as of December 31, 2019. 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 payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

|  | 1% Decrease to<br>Discount Rate<br>(1.87%) | Current Discount<br>Rate<br>(2.87%) | 1% Increase to<br>Discount Rate<br>(3.87%) |
|--|--|-------------------------------------|--|
| City's proportionate share of the net OPEB liability (asset) | \$ 893,891                                 | \$ 647,356                          | \$ 459,792                                 |

**Payables to the Pension Plan** - The City reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2020.

**NOTE 8 - Supplemental Pension Defined Benefit Plan**

**General Information about the Supplemental Pension Plan**

**Plan Description** - The City had a non-contributory entitlement program covering substantially all volunteer fire fighters. The plan was discontinued during 2020 and plan assets were distributed to the participants.

**Benefits Provided** - The purpose of the plan was to provide a retirement income for volunteer firefighters in recognition of their service to the fire department. Administrators that do not participate in the District's medical plan upon their retirement will instead receive a cash benefit in lieu of such participation. The amount of this benefit is determined by individual years of service. Eligibility for this benefit is a minimum age of 65 with one year of service.

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 8 - Supplemental Pension Defined Benefit Plan - Continued**

**Employees Covered** - As of the measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

|  |           |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | -         |
| Inactive employees entitled to but not yet receiving benefits    | 26        |
| Active employees   | <u>37</u> |
| Total  | <u>63</u> |

**Contributions** - The City Council has the authority to establish the contribution requirements for the plan. The Council establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended December 31, 2020, the City contributed zero and the Plan members did not make a contribution.

**Actuarial Assumptions** - The net supplemental pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                    |                            |
|------------------------------------|----------------------------|
| Actuarial Valuation Date:          | April 1, 2019              |
| Measurement Date:                  | March 31, 2020             |
| Actuarial Cost Method:             | Entry Age Normal - Level % |
| Asset Valuation Method:            | Fair Market Value          |
| Long-Term Expected Rate of Return: | 2.48%                      |
| Discount Rate:                     | 2.48%                      |
| Mortality:                         | RP2000MF with improvement  |

The net supplemental pension liability for December 31, 2020 is based upon an update of the liability calculated from the April 1, 2020 actuarial valuation. There were no material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

**Long-Term Expected Return on Plan Assets** - The long-term expected real rate of return on plan investments is based off a 20 year AA municipal bond rate.

**Discount Rate** - A discount rate of 2.48% was used to measure the total supplemental pension liability. This discount rate was based on the expected rate of return on pension plan investments of 2.48%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total supplemental pension liability.

**Sensitivity of the Supplemental Pension Liability to Changes in the Discount Rate** - The following presents the supplemental pension liability calculated using the discount rate of 2.48 percent, as well as what the supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.48 percent) or 1-percentage-point higher (3.48 percent) than the current rate:

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 8 - Supplemental Pension Defined Benefit Plan - Continued**

|                                | 1% Decrease to<br>Discount Rate<br>(1.48%) | Current Discount<br>Rate<br>(2.48%) | 1% Increase to<br>Discount Rate<br>(3.48%) |
|--------------------------------|--|-------------------------------------|--|
| Supplemental pension liability | \$ -                                       | \$ -                                | \$ -                                       |

**Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2020, the City recognized pension expense of zero.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                | \$ -                                 | \$ -                                |
| Net differences between projected and actual earnings on pension plan investments | -                                    | -                                   |
| Changes in assumptions  | -                                    | -                                   |
| Employer contributions subsequent to the measurement date                         | -                                    | -                                   |
| Total   | \$ -                                 | \$ -                                |

Zero reported as deferred outflows related to OPEB resulting from the 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, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in expense as follows:

| Year ending<br>December 31 | Deferred<br>Outflows/Inflows<br>of Resources |
|----------------------------|--|
| 2021                       | \$ -   |
| 2022                       | -  |
| 2023                       | -  |
| 2024                       | -  |
| Thereafter                 | -  |

**Payables to the Pension Plan** - The City reported a payable of zero for the outstanding amount of contributions to the supplemental pension plan required for the year ended December 31, 2020.



**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 9 - Interfund Balance and Activity**

Interfund receivable and payable balances on December 31, 2020, are as follows:

| <u>Receivable Fund</u>  | <u>Payable Fund</u>      | <u>Amount</u>       |
|-------------------------|--------------------------|---------------------|
| General                 | Special Assessment       | \$ 1,170,695        |
| General                 | Sanitation and Recycling | 72,129              |
| General                 | Electric                 | 40,993              |
| General                 | Water                    | 47,592              |
| Cemetery Perpetual Care | General                  | 7,981               |
| Library                 | General                  | 120,446             |
| Capital Projects        | General                  | 29,374              |
| Park Improvements       | General                  | 398,292             |
| Electric                | General                  | 56,306              |
| Electric                | Water                    | 781,284             |
| Water                   | General                  | 16,705              |
| Water                   | Sewer                    | 229,956             |
| Water                   | Electric                 | 145,077             |
| Sewer                   | General                  | 53,369              |
| Sewer                   | Electric                 | 346,710             |
| Total                   |                          | <u>\$ 3,516,909</u> |

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

| <u>Advance To</u> | <u>Advance From</u> | <u>Amount</u> |
|-------------------|---------------------|---------------|
| General           | Capital Projects    | \$ 1,338,008  |

The principal purposes of these advances are capital projects and capital asset acquisition. For the statement of net position, advances which are owed within the governmental activities or business-type activities are netted and eliminated.

Interfund transfers at December 31, 2020 were as follows:

| <u>Funds Transferred To</u> | <u>Funds Transferred From</u> | <u>Amount</u>     |
|-----------------------------|-------------------------------|-------------------|
| General                     | Electric                      | \$ 374,874        |
| General                     | Water                         | 203,068           |
| General                     | Sewer                         | 6,367             |
|                             |                               | <u>\$ 584,309</u> |

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 10 - Fund Balances and Net Position**

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

| <u>Governmental Fund</u>   | <u>Purpose</u>                      | <u>Amount</u> |
|--|-------------------------------------|---------------|
| <u>Nonspendable</u>  |                                     |               |
| General  | Prepaid expenses                    | \$ 58,550     |
| General  | Advances                            | \$ 1,338,008  |
| Cemetery perpetual care  | Permanent fund                      | \$ 302,377    |
| Library endowment  | Permanent fund                      | \$ 68,340     |
| <u>Committed</u>   |                                     |               |
| General  | Capital reserve                     | \$ 400,140    |
| <u>Assigned</u>  |                                     |               |
| Library  | Specific expenses                   | \$ 523,970    |
| Park improvements  | Specific expenses                   | \$ 669,034    |
| Community development<br>block grant   | Specific expenses                   | \$ 511,719    |
| <br><u>Net Position</u>  |                                     |               |
| <u>Governmental Activities</u>   |                                     |               |
| <u>Restricted</u>  |                                     |               |
| Cemetery perpetual care  | Permanent fund                      | \$ 302,377    |
| Library endowment  | Permanent fund                      | \$ 68,340     |
| Other activities   | Wisconsin Retirement System pension | \$ 528,069    |
| <br><u>Business-Type Activities</u>  |                                     |               |
| <u>Restricted</u>  |                                     |               |
| Electric utility   | Principal and interest              | \$ 1,916,465  |
| Electric utility   | Wisconsin Retirement System pension | \$ 111,008    |
| Water utility  | Principal and interest              | \$ 1,142,646  |
| Water utility  | Wisconsin Retirement System pension | \$ 55,504     |
| Water utility  | Impact fees                         | \$ 313,506    |
| Sewer utility  | Principal and interest              | \$ 868,976    |
| Sewer utility  | Wisconsin Retirement System pension | \$ 65,980     |
| Sewer utility  | Impact fees                         | \$ 294,099    |
| Sewer utility  | DNR requirements                    | \$ 396,178    |
| <br>Deficits - The following individual funds had deficits at December 31, 2020: |                                     |               |
| Capital projects   |                                     | \$ 558,057    |
| Sanitation and recycling   |                                     | \$ 72,129     |
| Special assessment   |                                     | \$ 616,217    |

The deficits will be funded by future revenues.

**NOTE 11 - 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; employee health and accident claims; and natural disasters. For all risks of loss, the City's policy is to purchase commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage in the prior year.

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 12 - The Wisconsin Public Power Incorporated System (WPPI)**

Lake Mills Light and Water Department purchases all of its electric requirements from the Wisconsin Public Power Incorporated System (WPPI). WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980, pursuant to the Municipal Electric Company Act, Section 66.0825 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical, and reliable supply of electric energy to its members.

Lake Mills Light and Water is one of 51 members of WPPI located throughout the State of Wisconsin. On December 1, 1989, each of WPPI's members, including Lake Mills Light and Water, commenced purchasing electric service from WPPI under a new Long-Term Power Supply Contract for Participating Members (the Long-Term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term.

Under the Long-Term Contract, Lake Mills Light and Water and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirement which includes power supply costs, administrative expenses, and debt service on outstanding bonds. WPPI's subsequent years' rates and operating budget are approved annually by its Board of Directors, which consists of representatives from each member municipality. Lake Mills Light and Water has agreed to charge rates to the retail ratepayers of its combined electric and water system sufficient to meet its obligations to WPPI. The Long-Term Contract provides that all payments to WPPI under the Contract constitute operating expenses of Lake Mills Light and Water combined electric and water system payable from any operating and maintenance fund established by Lake Mills Light and Water for that system.

The Long-Term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial 35-year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

**NOTE 13 - Tax Incremental Finance Districts**

Tax increment financing, as authorized by Section 66.1105 of the Wisconsin Statutes, is a method by which the City can recover its development and public improvement costs in Tax Incremental Finance District (TIF) designated areas. These costs are recovered from the increased valuation in the designated area.

The City has financed development and public improvement costs in its TIF through general fund advances and through the issuance of general obligation long-term debt. Project costs have been reported primarily as Capital Projects Funds expenditures.

Tax increments will be used to repay general fund advances and to meet maturing debt obligations incurred to provide financing for development and public improvement costs within the tax incremental district. The TIF is allowed to collect tax increments until its termination date. Any over collections are returned to the various taxing entities of the TIF. The City becomes liable for any cost not recovered by the termination date.

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 13 - Tax Incremental Finance Districts - Continued**

The City has five Tax Incremental Financing Districts. The following is a project summary of TIF activity and status of the district through December 31, 2020:

|                                  | <u>TIF #2</u>       | <u>TIF #3</u>      | <u>TIF #4</u>       |
|----------------------------------|---------------------|--------------------|---------------------|
| <b>Sources of funds</b>          |                     |                    |                     |
| Proceeds from long-term debt     | \$ 4,825,331        | \$ 270,000         | \$ 4,630,000        |
| TID increments                   | 4,510,102           | 474,828            | 3,122,922           |
| Exempt computer aids             | 175,171             | 102,646            | 48,823              |
| Interest income                  | 110,981             | 10,167             | 18,236              |
| Transfer from other funds        | 107,790             | -                  | -                   |
| Special assessments              | 64,722              | -                  | 30,757              |
| Miscellaneous                    | -                   | 358,961            | 141,532             |
| Total sources of funds           | <u>9,794,097</u>    | <u>1,216,602</u>   | <u>7,992,270</u>    |
| <b>Uses of funds</b>             |                     |                    |                     |
| Project expenditures             | 3,063,036           | 885,138            | 5,580,329           |
| Administration                   | 36,464              | 300                | 15,671              |
| Interest on advances             | 214,290             | 6,611              | 17,969              |
| Principal - long-term debt       | 2,971,099           | 269,999            | 1,755,000           |
| Interest - long-term debt        | 1,360,748           | 13,293             | 782,270             |
| Payment to escrow agent          | 1,764,109           | -                  | -                   |
| Debt discount/issue cost         | 51,716              | 4,480              | 16,976              |
| Total uses of funds              | <u>9,461,462</u>    | <u>1,179,821</u>   | <u>8,168,215</u>    |
| <b>Fund balances as of</b>       |                     |                    |                     |
| December 31, 2020                | <u>332,635</u>      | <u>36,781</u>      | <u>(175,945)</u>    |
| <b>Future requirements</b>       |                     |                    |                     |
| Advances from General Fund       | 50,471              | 77,446             | 263,307             |
| Debt principal                   | 209,232             | -                  | 3,875,000           |
| Debt interest                    | 2,471               | -                  | 372,973             |
| Less: Cash on hand               | <u>(376,828)</u>    | <u>(114,227)</u>   | <u>(87,362)</u>     |
| Total future requirements        | <u>\$ (114,654)</u> | <u>\$ (36,781)</u> | <u>\$ 4,423,918</u> |
| <b>District termination date</b> |                     |                    |                     |
|                                  | 1/6/2021            | 8/15/2033          | 7/18/2026           |

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 13 - Tax Incremental Finance Districts - Continued**

|                               | <u>TIF #5</u>       | <u>TIF #6</u>     | <u>TIF #7</u>   |
|-------------------------------|---------------------|-------------------|-----------------|
| <b>Sources of funds</b>       |                     |                   |                 |
| Proceeds from long-term debt  | \$ 895,000          | \$ -              | \$ -            |
| TID increments                | -                   | -                 | -               |
| Exempt computer aids          | 1,698               | 1,003             | -               |
| Interest income               | 177                 | 26                | -               |
| Transfer from other funds     | -                   | -                 | -               |
| Special assessments           | 721,456             | 25,214            | -               |
| Miscellaneous                 | <u>-</u>            | <u>-</u>          | <u>-</u>        |
| Total sources of funds        | <u>1,618,331</u>    | <u>26,243</u>     | <u>-</u>        |
| <b>Uses of funds</b>          |                     |                   |                 |
| Project expenditures          | 1,610,037           | 760,145           | 4,214           |
| Administration                | -                   | -                 | -               |
| Interest on advances          | 4,760               | 14,660            | -               |
| Principal - long-term debt    | -                   | -                 | -               |
| Interest - long-term debt     | -                   | -                 | -               |
| Payment to escrow agent       | -                   | -                 | -               |
| Debt discount/issue cost      | <u>(3,404)</u>      | <u>-</u>          | <u>-</u>        |
| Total uses of funds           | <u>1,611,393</u>    | <u>774,805</u>    | <u>4,214</u>    |
| <b>Fund balances as of</b>    |                     |                   |                 |
| December 31, 2020             | <u>6,938</u>        | <u>(748,562)</u>  | <u>(4,214)</u>  |
| <b>Future requirements</b>    |                     |                   |                 |
| Advances from General Fund    | 192,628             | 749,402           | 4,214           |
| Debt principal                | 895,000             | -                 | -               |
| Debt interest                 | 202,240             | -                 | -               |
| Less: Cash on hand            | <u>(61,071)</u>     | <u>(840)</u>      | <u>-</u>        |
| Total future requirements     | <u>\$ 1,228,797</u> | <u>\$ 748,562</u> | <u>\$ 4,214</u> |
| <br>District termination date | <br>4/15/2041       | <br>8/5/2034      | <br>5/1/2039    |

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 13 - Tax Incremental Finance Districts - Continued**

|                              | TIF #8   |
|------------------------------|----------|
| <b>Sources of funds</b>      |          |
| Proceeds from long-term debt | \$ -     |
| TID increments               | -        |
| Exempt computer aids         | -        |
| Interest income              | -        |
| Transfer from other funds    | -        |
| Special assessments          | -        |
| Miscellaneous                | -        |
| Total sources of funds       | -        |
| <b>Uses of funds</b>         |          |
| Project expenditures         | 5,688    |
| Administration               | -        |
| Interest on advances         | -        |
| Principal - long-term debt   | -        |
| Interest - long-term debt    | -        |
| Payment to escrow agent      | -        |
| Debt discount/issue cost     | -        |
| Total uses of funds          | 5,688    |
| Fund balances as of          |          |
| December 31, 2020            | (5,688)  |
| <b>Future requirements</b>   |          |
| Advances from General Fund   | 5,688    |
| Debt principal               | -        |
| Debt interest                | -        |
| Less: Cash on hand           | -        |
| Total future requirements    | \$ 5,688 |
| District termination date    | 1/1/2048 |

**NOTE 14 - Coronavirus (COVID-19)**

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of operations including costs for emergency preparedness, virtual meetings, shortages of personnel, and potential delays in revenue collections.

**CITY OF LAKE MILLS, WISCONSIN**  
**REQUIRED**  
**SUPPLEMENTARY INFORMATION**

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**DECEMBER 31, 2020**

**NOTE 1 - Budgetary Information** - Budgets are adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the City Manager submits to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
3. In December, the budget is legally enacted through passage of an ordinance.
4. The Department directors are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the Common Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgetary expenditures control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget ordinance and subsequent revisions authorized by the Common Council.
9. Appropriations lapse at year end, except those specifically carried forward by Council action.
10. Encumbrance accounting is not used.

**NOTE 2 - Excess of Actual Expenditure Over Budget** - The following expenditure classifications were in excess of \$1,000 over budget.

|                      |    |        |
|----------------------|----|--------|
| General Fund         |    |        |
| Debt service - other | \$ | 45,485 |



**CITY OF LAKE MILLS, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2020**

|   | BUDGETED AMOUNTS    |                     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|---------------------|---------------------|---------------------|---|
|   | ORIGINAL            | FINAL               |                     | (NEGATIVE)  |
| <b>REVENUES</b>   |                     |                     |                     |   |
| Taxes   | \$ 4,542,700        | \$ 4,542,700        | \$ 4,537,663        | \$ (5,037)  |
| Intergovernmental   | 1,817,300           | 1,817,300           | 1,501,222           | (316,078)   |
| Licenses and permits  | 147,200             | 147,200             | 214,904             | 67,704  |
| Fines, forfeits and penalties                               | 63,000              | 63,000              | 51,676              | (11,324)  |
| Public charges for services                                 | 160,100             | 160,100             | 188,816             | 28,716  |
| Intergovernmental charges for services                      | 341,500             | 341,500             | 361,092             | 19,592  |
| Miscellaneous   | 277,500             | 277,500             | 338,492             | 60,992  |
| <b>TOTAL REVENUES</b>                                       | <u>7,349,300</u>    | <u>7,349,300</u>    | <u>7,193,865</u>    | <u>(155,435)</u>  |
| <b>EXPENDITURES</b>   |                     |                     |                     |   |
| Current   |                     |                     |                     |   |
| General government  | 1,220,525           | 1,220,525           | 1,192,997           | 27,528  |
| Public safety   | 1,803,900           | 1,803,900           | 1,799,392           | 4,508   |
| Public works  | 1,074,000           | 1,074,000           | 1,068,769           | 5,231   |
| Health and human services                                   | 132,500             | 132,500             | 120,710             | 11,790  |
| Culture, recreation and education                           | 841,300             | 841,300             | 803,439             | 37,861  |
| Conservation and development                                | 170,900             | 170,900             | 140,508             | 30,392  |
| Debt service  |                     |                     |                     |   |
| Principal   | 1,357,400           | 1,357,400           | 1,357,360           | 40  |
| Interest  | 431,000             | 431,000             | 430,648             | 352   |
| Other   | -                   | -                   | 45,485              | (45,485)  |
| Capital outlay  | 2,865,600           | 2,865,600           | 2,661,412           | 204,188   |
| <b>TOTAL EXPENDITURES</b>                                   | <u>9,897,125</u>    | <u>9,897,125</u>    | <u>9,620,720</u>    | <u>276,405</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>OVER EXPENDITURES</b> |                     |                     |                     |   |
|   | <u>(2,547,825)</u>  | <u>(2,547,825)</u>  | <u>(2,426,855)</u>  | <u>120,970</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                     |                     |                     |   |
| Operating transfers in                                      | 585,000             | 585,000             | 584,309             | (691)   |
| Issuance of long-term debt                                  | 1,965,300           | 1,965,300           | 2,050,000           | 84,700  |
| Premium on long-term debt                                   | -                   | -                   | 52,524              | 52,524  |
| <b>TOTAL OTHER FINANCING SOURCES</b>                        | <u>2,550,300</u>    | <u>2,550,300</u>    | <u>2,686,833</u>    | <u>136,533</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                           | 2,475               | 2,475               | 259,978             | 257,503   |
| <b>FUND BALANCE AT BEGINNING OF YEAR</b>                    | 6,570,902           | 6,570,902           | 6,570,902           | -   |
| <b>FUND BALANCE AT END OF YEAR</b>                          | <u>\$ 6,573,377</u> | <u>\$ 6,573,377</u> | <u>\$ 6,830,880</u> | <u>\$ 257,503</u>                                       |

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**DECEMBER 31, 2020**

**NOTE 1 - Budgetary Information** - Budgets are adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the City Manager submits to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
3. In December, the budget is legally enacted through passage of an ordinance.
4. The Department directors are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the Common Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgetary expenditures control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget ordinance and subsequent revisions authorized by the Common Council.
9. Appropriations lapse at year end, except those specifically carried forward by Council action.
10. Encumbrance accounting is not used.

**NOTE 2 - Excess of Actual Expenditure Over Budget** - The following expenditure classifications were in excess of \$1,000 over budget.

|                      |    |        |
|----------------------|----|--------|
| General Fund         |    |        |
| Debt service - other | \$ | 45,485 |

**CITY OF LAKE MILLS, WISCONSIN**  
**WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2020**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
Last 10 Fiscal Years \*

|      | Proportion of<br>the Net<br>Pension<br>Liability<br>(Asset) | Proportionate<br>Share of the Net<br>Pension Liability<br>(Asset) | Covered<br>Payroll | Proportionate Share<br>of the Net Pension<br>Liability (Asset) as a<br>Percentage of its<br>Covered Payroll | Plan Fiduciary Net<br>Position as a<br>Percentage of the<br>Total Pension<br>Liability (Asset) |
|------|---|---|--------------------|---|--|
| 2020 | 0.02358728%   | \$ (760,561)  | \$ 3,283,123       | -23.17%   | 102.96%  |
| 2019 | 0.02427103%   | 863,487   | 3,197,059          | 27.01%  | 96.45%   |
| 2018 | 0.02439301%   | (724,257)   | 3,119,627          | -23.22%   | 102.93%  |
| 2017 | 0.02413916%   | 198,964   | 3,041,906          | 6.54%   | 99.12%   |
| 2016 | 0.02358082%   | 383,184   | 3,097,482          | 12.37%  | 98.20%   |
| 2015 | 0.02359165%   | (579,475)   | 3,097,482          | -18.71%   | 102.74%  |

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years \*

|      | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered Payroll | Contributions as a<br>Percentage of<br>Covered Payroll |
|------|--|---|--|-----------------|--|
| 2020 | \$ 245,998                                 | \$ (245,998)  | \$ -                                   | \$ 3,283,123    | 7.49%  |
| 2019 | 241,734                                    | (241,734)   | -                                      | 3,197,059       | 7.56%  |
| 2018 | 240,773                                    | (240,773)   | -                                      | 3,119,627       | 7.72%  |
| 2017 | 244,156                                    | (244,156)   | -                                      | 3,041,906       | 8.03%  |
| 2016 | 229,783                                    | (229,783)   | -                                      | 3,097,482       | 7.42%  |
| 2015 | 226,072                                    | (226,072)   | -                                      | 3,097,482       | 7.30%  |

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 4 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2020**

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

Changes of assumptions - no significant change in assumptions were noted from the prior year.

**CITY OF LAKE MILLS, WISCONSIN**  
**WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**  
**Last 10 Fiscal Years \***

|      | Proportion of<br>the Net OPEB<br>Liability<br>(Asset) | Proportionate<br>Share of the Net<br>OPEB Liability<br>(Asset) | Covered<br>Payroll | Proportionate Share<br>of the Net OPEB<br>Liability (Asset) as a<br>Percentage of its<br>Covered Payroll | Plan Fiduciary Net<br>Position as a<br>Percentage of the<br>Total OPEB<br>Liability (Asset) |
|------|---|--|--------------------|--|---|
| 2020 | 0.15202600%   | \$ 647,356   | \$ 3,149,000       | 20.56%   | 37.58%  |
| 2019 | 0.16779100%   | 432,957  | 3,130,000          | 13.83%   | 48.69%  |
| 2018 | 0.17134900%   | 515,517  | 7,205,716          | 7.15%  | 44.81%  |

**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Fiscal Years \***

|      | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered Payroll | Contributions as a<br>Percentage of<br>Covered Payroll |
|------|--|---|--|-----------------|--|
| 2020 | \$ 2,748                                   | \$ (2,748)  | \$ -                                   | \$ 3,149,000    | 0.09%  |
| 2019 | 3,232                                      | (3,232)   | -                                      | 3,130,000       | 0.10%  |
| 2018 | 3,253                                      | (3,253)   | -                                      | 7,205,716       | 0.05%  |

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 proceeding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2020**

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the local retiree life insurance fund.

Changes of assumptions - several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation.

**CITY OF LAKE MILLS, WISCONSIN**  
**SUPPLEMENTAL PENSION DEFINED BENEFIT PLAN SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2020**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
Last 10 Fiscal Years

|  | <u>2020</u>        | <u>2019</u>              | <u>2018</u>              | <u>2017</u>              |
|--|--------------------|--------------------------|--------------------------|--------------------------|
| <b>Total Pension Liability</b>   |                    |                          |                          |                          |
| Service cost   | \$ -               | \$ 22,743                | \$ 19,316                | \$ 17,864                |
| Interest   | -                  | 10,784                   | 15,138                   | -                        |
| Differences between expected and actual experience                         | -                  | 3,085                    | (923)                    | 418,305                  |
| Changes in assumptions   | -                  | 93,627                   | (3,261)                  | 15,900                   |
| Benefit payments   | <u>(527,691)</u>   | <u>(64,880)</u>          | <u>(10,563)</u>          | <u>(9,444)</u>           |
| Net Changes in Total Pension Liability                                     | (527,691)          | 65,359                   | 19,707                   | 442,625                  |
| Total Pension Liability - Beginning  | <u>527,691</u>     | <u>462,332</u>           | <u>442,625</u>           | <u>-</u>                 |
| <b>Total Pension Liability - Ending (a)</b>                                | <b><u>\$ -</u></b> | <b><u>\$ 527,691</u></b> | <b><u>\$ 462,332</u></b> | <b><u>\$ 442,625</u></b> |
| Plan fiduciary net position as a percentage of the total pension liability | 0.00%              | 0.00%                    | 0.00%                    | 0.00%                    |
| Covered payroll  | \$ -               | \$ -                     | \$ -                     | \$ -                     |
| Pension liability as a percentage of covered payroll                       | N/A                | N/A                      | N/A                      | N/A                      |

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years

|   | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        |
|---|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contributions                                  | \$ -               | \$ -               | \$ -               | \$ -               |
| Contributions in relation to the actuarially determined contributions | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| Contribution deficiency (excess)                                      | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> |
| Covered payroll   | \$ -               | \$ -               | \$ -               | \$ -               |
| Contributions as a percentage of covered payroll                      | N/A                | N/A                | N/A                | N/A                |
| Actuarial valuation date  | 4/1/2020           | 4/1/2019           | 4/1/2018           | 4/1/2017           |
| Measurement date  | 3/31/2021          | 3/31/2020          | 3/31/2019          | 3/31/2018          |

The City implemented the Government Accounting Standards Board Statement No. 73 for the year ended December 31, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2020**

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 7 year level % open amortization, fair market value asset valuation, 2.48% discount rate, Mortality RP2000MF with improvement.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes in the assumptions other than discount rate.

**CITY OF LAKE MILLS, WISCONSIN  
SUPPLEMENTARY INFORMATION**

**CITY OF LAKE MILLS, WISCONSIN**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

|   | SPECIAL REVENUE FUNDS    |                          |                                |                          |   | PERMANENT FUNDS               |                         | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|---|--------------------------|--------------------------|--------------------------------|--------------------------|---|-------------------------------|-------------------------|--|
|   | LIBRARY                  | PARK<br>IMPROVEMENTS     | SANITATION<br>AND<br>RECYCLING | SPECIAL<br>ASSESSMENT    | COMMUNITY<br>DEVELOPMENT<br>BLOCK GRANT | CEMETERY<br>PERPETUAL<br>CARE | LIBRARY<br>ENDOWMENT    |  |
| <b>ASSETS</b>   |                          |                          |                                |                          |   |                               |                         |  |
| Cash and investments  | \$ 403,524               | \$ 270,742               | \$ -                           | \$ 496,583               | \$ 511,719                              | \$ 293,067                    | \$ 68,340               | \$ 2,043,975                               |
| Receivable  |                          |                          |                                |                          |   |                               |                         |  |
| Accounts and other  | -                        | -                        | -                              | -                        | -                                       | 1,329                         | -                       | 1,329                                      |
| Taxes   | -                        | -                        | -                              | 2,618                    | -                                       | -                             | -                       | 2,618                                      |
| Due from other funds  | 120,446                  | 398,292                  | -                              | -                        | -                                       | 7,981                         | -                       | 526,719                                    |
| Due from other governments  | -                        | -                        | -                              | 57,895                   | -                                       | -                             | -                       | 57,895                                     |
| <b>TOTAL ASSETS</b>   | <b><u>523,970</u></b>    | <b><u>669,034</u></b>    | <b><u>-</u></b>                | <b><u>557,096</u></b>    | <b><u>511,719</u></b>                   | <b><u>302,377</u></b>         | <b><u>68,340</u></b>    | <b><u>2,632,536</u></b>                    |
| <b>LIABILITIES</b>  |                          |                          |                                |                          |   |                               |                         |  |
| Due to other funds  | -                        | -                        | 72,129                         | 1,170,695                | -                                       | -                             | -                       | 1,242,824                                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                          |                          |                                |                          |   |                               |                         |  |
| Unavailable revenue - tax roll  | -                        | -                        | -                              | 2,618                    | -                                       | -                             | -                       | 2,618                                      |
| <b>FUND BALANCE</b>   |                          |                          |                                |                          |   |                               |                         |  |
| Nonspendable  | -                        | -                        | -                              | -                        | -                                       | 302,377                       | 68,340                  | 370,717                                    |
| Assigned  | 523,970                  | 669,034                  | -                              | -                        | 511,719                                 | -                             | -                       | 1,704,723                                  |
| Unassigned  | -                        | -                        | (72,129)                       | (616,217)                | -                                       | -                             | -                       | (688,346)                                  |
| TOTAL FUND BALANCE  | <u>523,970</u>           | <u>669,034</u>           | <u>(72,129)</u>                | <u>(616,217)</u>         | <u>511,719</u>                          | <u>302,377</u>                | <u>68,340</u>           | <u>1,387,094</u>                           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <b><u>\$ 523,970</u></b> | <b><u>\$ 669,034</u></b> | <b><u>\$ -</u></b>             | <b><u>\$ 557,096</u></b> | <b><u>\$ 511,719</u></b>                | <b><u>\$ 302,377</u></b>      | <b><u>\$ 68,340</u></b> | <b><u>\$ 2,632,536</u></b>                 |

**CITY OF LAKE MILLS, WISCONSIN**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2020

|  | SPECIAL REVENUE FUNDS    |                          |                                |                            |   | PERMANENT FUNDS               |                         | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|--|--------------------------|--------------------------|--------------------------------|----------------------------|---|-------------------------------|-------------------------|--|
|  | LIBRARY                  | PARK<br>IMPROVEMENTS     | SANITATION<br>AND<br>RECYCLING | SPECIAL<br>ASSESSMENT      | COMMUNITY<br>DEVELOPMENT<br>BLOCK GRANT | CEMETERY<br>PERPETUAL<br>CARE | LIBRARY<br>ENDOWMENT    |  |
| <b>REVENUES</b>                                |                          |                          |                                |                            |   |                               |                         |  |
| Special assessments                            | \$ -                     | \$ -                     | \$ -                           | \$ 467,490                 | \$ -                                    | \$ -                          | \$ -                    | \$ 467,490                                 |
| Intergovernmental                              | -                        | -                        | 19,705                         | -                          | -                                       | -                             | -                       | 19,705                                     |
| Public charges for services                    | 2,301                    | 102,064                  | 370,879                        | -                          | -                                       | 4,560                         | -                       | 479,804                                    |
| Miscellaneous                                  |                          |                          |                                |                            |   |                               |                         |  |
| Donations                                      | 26,499                   | -                        | -                              | -                          | -                                       | -                             | -                       | 26,499                                     |
| Interest                                       | 976                      | 874                      | -                              | 522                        | 3,080                                   | 7,439                         | 201                     | 13,092                                     |
| Principal repayment                            | -                        | -                        | -                              | -                          | 137,803                                 | -                             | -                       | 137,803                                    |
| <b>TOTAL REVENUE</b>                           | <u>29,776</u>            | <u>102,938</u>           | <u>390,584</u>                 | <u>468,012</u>             | <u>140,883</u>                          | <u>11,999</u>                 | <u>201</u>              | <u>1,144,393</u>                           |
| <b>EXPENDITURES</b>                            |                          |                          |                                |                            |   |                               |                         |  |
| Current  |                          |                          |                                |                            |   |                               |                         |  |
| Public works                                   | -                        | -                        | 419,861                        | -                          | -                                       | -                             | -                       | 419,861                                    |
| Capital outlay                                 | -                        | -                        | -                              | 57,468                     | -                                       | -                             | -                       | 57,468                                     |
| <b>TOTAL EXPENDITURES</b>                      | <u>-</u>                 | <u>-</u>                 | <u>419,861</u>                 | <u>57,468</u>              | <u>-</u>                                | <u>-</u>                      | <u>-</u>                | <u>477,329</u>                             |
| <br>   |                          |                          |                                |                            |   |                               |                         |  |
| EXCESS OF REVENUE OVER<br>(UNDER) EXPENDITURES | 29,776                   | 102,938                  | (29,277)                       | 410,544                    | 140,883                                 | 11,999                        | 201                     | 667,064                                    |
| <br>   |                          |                          |                                |                            |   |                               |                         |  |
| FUND BALANCE AT BEGINNING OF YEAR              | <u>494,194</u>           | <u>566,096</u>           | <u>(42,852)</u>                | <u>(1,026,761)</u>         | <u>370,836</u>                          | <u>290,378</u>                | <u>68,139</u>           | <u>720,030</u>                             |
| <br>   |                          |                          |                                |                            |   |                               |                         |  |
| <b>FUND BALANCE AT END OF YEAR</b>             | <u><b>\$ 523,970</b></u> | <u><b>\$ 669,034</b></u> | <u><b>\$ (72,129)</b></u>      | <u><b>\$ (616,217)</b></u> | <u><b>\$ 511,719</b></u>                | <u><b>\$ 302,377</b></u>      | <u><b>\$ 68,340</b></u> | <u><b>\$ 1,387,094</b></u>                 |



**CITY OF LAKE MILLS, WISCONSIN**  
**DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

| REVENUE  | BUDGETED AMOUNTS    |                     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|---------------------|---------------------|---------------------|---|
|  | ORIGINAL            | FINAL               |                     |   |
| <b>Taxes</b>                                     |                     |                     |                     |   |
| Property   | \$ 4,420,600        | \$ 4,420,600        | 4,422,801           | \$ 2,201  |
| Mobile home                                      | 100,000             | 100,000             | 92,767              | (7,233)   |
| Payments in lieu of taxes                        | 21,000              | 21,000              | 21,065              | 65  |
| Interest on taxes                                | 100                 | 100                 | 1,030               | 930   |
| Other taxes                                      | 1,000               | 1,000               | -                   | (1,000)   |
| <b>TOTAL</b>                                     | <b>4,542,700</b>    | <b>4,542,700</b>    | <b>4,537,663</b>    | <b>(5,037)</b>  |
| <b>Intergovernmental</b>                         |                     |                     |                     |   |
| State shared taxes                               | 607,000             | 607,000             | 493,085             | (113,915)   |
| State fire insurance                             | 18,500              | 18,500              | 22,948              | 4,448   |
| State law enforcement improvement grants         | 7,100               | 7,100               | 5,904               | (1,196)   |
| State water patrol grants                        | -                   | -                   | 3,244               | 3,244   |
| State general transportation aid grants          | 445,700             | 445,700             | 430,760             | (14,940)  |
| State other highway aid grants                   | -                   | -                   | 21,817              | 21,817  |
| State other transportation grants                | -                   | -                   | 68,785              | 68,785  |
| State recycling                                  | 100                 | 100                 | -                   | (100)   |
| State payment for municipal services aid         | 2,300               | 2,300               | 1,863               | (437)   |
| State payment in lieu of taxes                   | 3,800               | 3,800               | 3,719               | (81)  |
| Other state payments                             | 717,800             | 717,800             | 303,139             | (414,661)   |
| County and other local government grants         | 15,000              | 15,000              | 145,958             | 130,958   |
| <b>TOTAL</b>                                     | <b>1,817,300</b>    | <b>1,817,300</b>    | <b>1,501,222</b>    | <b>(316,078)</b>  |
| <b>Licenses and Permits</b>                      |                     |                     |                     |   |
| Business and occupational licenses               | 18,000              | 18,000              | 16,158              | (1,842)   |
| Nonbusiness licenses                             | 4,200               | 4,200               | 317                 | (3,883)   |
| Building permits and inspection fees             | 45,000              | 45,000              | 128,154             | 83,154  |
| Other regulatory permits and fees                | 80,000              | 80,000              | 70,275              | (9,725)   |
| <b>TOTAL</b>                                     | <b>147,200</b>      | <b>147,200</b>      | <b>214,904</b>      | <b>67,704</b>   |
| <b>Fines, Forfeits and Penalties</b>             |                     |                     |                     |   |
| Law and ordinance violations                     | 57,000              | 57,000              | 45,486              | (11,514)  |
| Parking violations                               | 6,000               | 6,000               | 6,190               | 190   |
| <b>TOTAL</b>                                     | <b>63,000</b>       | <b>63,000</b>       | <b>51,676</b>       | <b>(11,324)</b>   |
| <b>Public Charges for Services</b>               |                     |                     |                     |   |
| Public works services                            | 600                 | 600                 | 606                 | 6   |
| Weed control                                     | 1,300               | 1,300               | 476                 | (824)   |
| Cemetery   | 35,000              | 35,000              | 39,090              | 4,090   |
| Community center                                 | 2,500               | 2,500               | 15                  | (2,485)   |
| Other culture and recreation                     | 119,300             | 119,300             | 146,591             | 27,291  |
| Other public charges for services                | 1,400               | 1,400               | 2,038               | 638   |
| <b>TOTAL</b>                                     | <b>160,100</b>      | <b>160,100</b>      | <b>188,816</b>      | <b>28,716</b>   |
| <b>Intergovernmental Charges for Service</b>     |                     |                     |                     |   |
| Law enforcement                                  | 1,500               | 1,500               | 1,514               | 14  |
| Fire protection                                  | 340,000             | 340,000             | 359,578             | 19,578  |
| <b>TOTAL</b>                                     | <b>341,500</b>      | <b>341,500</b>      | <b>361,092</b>      | <b>19,592</b>   |
| <b>Miscellaneous</b>                             |                     |                     |                     |   |
| Interest   | 53,000              | 53,000              | 39,863              | (13,137)  |
| Sandy Beach leases                               | 217,500             | 217,500             | 211,575             | (5,925)   |
| Miscellaneous                                    | 3,000               | 3,000               | 28,524              | 25,524  |
| Donations  | 4,000               | 4,000               | 58,530              | 54,530  |
| <b>TOTAL</b>                                     | <b>277,500</b>      | <b>277,500</b>      | <b>338,492</b>      | <b>60,992</b>   |
| <b>TOTAL REVENUE</b>                             | <b>7,349,300</b>    | <b>7,349,300</b>    | <b>7,193,865</b>    | <b>(155,435)</b>  |
| <b>OTHER FINANCING SOURCES</b>                   |                     |                     |                     |   |
| Operating transfers in                           | 585,000             | 585,000             | 584,309             | (691)   |
| Issuance of long-term debt                       | 1,965,300           | 1,965,300           | 2,050,000           | 84,700  |
| Premium on long-term debt                        | -                   | -                   | 52,524              | 52,524  |
| <b>TOTAL OTHER FINANCING SOURCES</b>             | <b>2,550,300</b>    | <b>2,550,300</b>    | <b>2,686,833</b>    | <b>136,533</b>  |
| <b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b> | <b>\$ 9,899,600</b> | <b>\$ 9,899,600</b> | <b>\$ 9,880,698</b> | <b>\$ (18,902)</b>                                      |

**CITY OF LAKE MILLS, WISCONSIN**  
**DETAILED STATEMENT OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

|  | BUDGETED AMOUNTS    |                     | ACTUAL              | VARIANCE WITH                          |
|--|---------------------|---------------------|---------------------|--|
|  | ORIGINAL            | FINAL               |                     | FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
| <b>EXPENDITURES</b>                      |                     |                     |                     |  |
| <b>General Government</b>                |                     |                     |                     |  |
| Legislative                              | \$ 100,500          | \$ 74,715           | \$ 92,530           | \$ (17,815)                            |
| Judicial                                 | 43,800              | 48,473              | 53,144              | (4,671)                                |
| Legal/labor relations                    | 75,700              | 75,700              | 63,785              | 11,915                                 |
| General administration                   | 350,200             | 350,200             | 331,932             | 18,268                                 |
| Financial administration                 | 314,125             | 335,237             | 313,044             | 22,193                                 |
| General buildings and plant              | 257,300             | 257,300             | 215,497             | 41,803                                 |
| Other general government                 | 78,900              | 78,900              | 123,065             | (44,165)                               |
| <b>TOTAL</b>                             | <u>1,220,525</u>    | <u>1,220,525</u>    | <u>1,192,997</u>    | <u>27,528</u>                          |
| <b>Public Safety</b>                     |                     |                     |                     |  |
| Police                                   | 1,211,900           | 1,211,900           | 1,215,886           | (3,986)                                |
| Fire protection                          | 474,200             | 474,200             | 476,278             | (2,078)                                |
| Ambulance                                | 42,200              | 42,200              | 42,154              | 46                                     |
| Inspection                               | 75,600              | 75,600              | 65,074              | 10,526                                 |
| <b>TOTAL</b>                             | <u>1,803,900</u>    | <u>1,803,900</u>    | <u>1,799,392</u>    | <u>4,508</u>                           |
| <b>Public Works</b>                      |                     |                     |                     |  |
| Street department                        | 898,400             | 898,400             | 884,322             | 14,078                                 |
| Street lighting                          | 82,600              | 82,600              | 79,031              | 3,569                                  |
| Mass transit                             | 84,000              | 84,000              | 95,256              | (11,256)                               |
| Recycling                                | 9,000               | 9,000               | 10,160              | (1,160)                                |
| <b>TOTAL</b>                             | <u>1,074,000</u>    | <u>1,074,000</u>    | <u>1,068,769</u>    | <u>5,231</u>                           |
| <b>Health and Human Services</b>         |                     |                     |                     |  |
| Public health services                   | 20,500              | 20,500              | 18,196              | 2,304                                  |
| Cemetery                                 | 112,000             | 112,000             | 102,514             | 9,486                                  |
| <b>TOTAL</b>                             | <u>132,500</u>      | <u>132,500</u>      | <u>120,710</u>      | <u>11,790</u>                          |
| <b>Culture, Recreation and Education</b> |                     |                     |                     |  |
| Library                                  | 372,100             | 372,100             | 361,168             | 10,932                                 |
| Other culture                            | 11,500              | 11,500              | 7,689               | 3,811                                  |
| Parks                                    | 359,500             | 359,500             | 366,075             | (6,575)                                |
| Recreation facilities                    | 98,200              | 98,200              | 68,507              | 29,693                                 |
| <b>TOTAL</b>                             | <u>841,300</u>      | <u>841,300</u>      | <u>803,439</u>      | <u>37,861</u>                          |
| <b>Conservation and Development</b>      |                     |                     |                     |  |
| Community development                    | 31,300              | 31,300              | 41,462              | (10,162)                               |
| Forestry                                 | 139,600             | 139,600             | 99,046              | 40,554                                 |
| <b>TOTAL</b>                             | <u>170,900</u>      | <u>170,900</u>      | <u>140,508</u>      | <u>30,392</u>                          |
| <b>Debt Service</b>                      |                     |                     |                     |  |
| Principal                                | 1,357,400           | 1,357,400           | 1,357,360           | 40                                     |
| Interest                                 | 431,000             | 431,000             | 430,648             | 352                                    |
| Other                                    | -                   | -                   | 45,485              | (45,485)                               |
| <b>TOTAL</b>                             | <u>1,788,400</u>    | <u>1,788,400</u>    | <u>1,833,493</u>    | <u>(45,093)</u>                        |
| <b>Capital Outlay</b>                    |                     |                     |                     |  |
| General government                       | 20,000              | 20,000              | 24,568              | (4,568)                                |
| Public safety                            | 621,500             | 621,500             | 634,266             | (12,766)                               |
| Public works                             | 1,076,500           | 1,076,500           | 1,318,519           | (242,019)                              |
| Culture, recreation and education        | 1,136,100           | 1,136,100           | 626,864             | 509,236                                |
| Conservation and development             | 11,500              | 11,500              | 57,195              | (45,695)                               |
| <b>TOTAL</b>                             | <u>2,865,600</u>    | <u>2,865,600</u>    | <u>2,661,412</u>    | <u>204,188</u>                         |
| <b>TOTAL EXPENDITURES</b>                | <u>\$ 9,897,125</u> | <u>\$ 9,897,125</u> | <u>\$ 9,620,720</u> | <u>\$ 276,405</u>                      |

**CITY OF LAKE MILLS, WISCONSIN**  
**OTHER REPORT**

**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 Common Council  
City of Lake Mills, 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, each major fund, and the aggregate remaining fund information of the City of Lake Mills, Wisconsin as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lake Mills, Wisconsin's basic financial statements and have issued our report thereon dated June 1, 2021.

***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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. We did identify certain deficiencies in internal control, described below, that we consider to be material weaknesses.

**2020-001 - Preparation of Financial Statements**

Program: Government-Wide

Criteria: Adequate internal controls necessitate personnel (management or others) of the City have adequate training and knowledge that would enable you to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: The training and knowledge of your personnel limits your ability to prepare GAAP basis financial statements.

Questioned Cost: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

## **2020-002 - Material Audit Adjustments**

Program: Government-Wide

Criteria: Generally accepted accounting principles.

Condition: Material audit adjustments were required to prevent the City's financial statements from being materially misstated.

Questioned Cost: Not applicable.

Context: Internal controls did not identify that adjustments should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Systemic problem.

Prior Year Finding: This was a prior year audit finding.

Recommendation: Improve the City's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect material adjustments.

Management's Response: The City will incorporate financial reporting internal controls to detect material adjustments, prevent materially misstated financial statements and increase the accuracy of the interim financial reports used by management.

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Lake Mills, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the following paragraph.

### **2020-003 - Debt Service Fund**

Program: Government-Wide.

Criteria: Wisconsin Statute 67.11(1) requires a debt service fund be used for all general long-term debt.

Condition: The City currently uses the general fund's general checking account for debt service payments.

Questioned Cost: Not applicable.

Context: The City makes very few debt service related transactions.

Effect: The City is not in compliance with Wisconsin Statute 67.11(1).

Information: Isolated instance.

Prior Year Finding: This was a prior year finding.

Recommendation: We recommend the City use a separate debt service fund.

Management's Response: We are aware of the situation, but it is not practical to set up a separate fund for debt service related transactions.

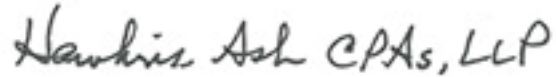
### **City of Lake Mills, Wisconsin's Responses to Findings**

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin  
June 1, 2021