

CITY OF VERONA

Verona, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

CITY OF VERONA

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Verona
Verona, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Verona, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Verona's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fitch-Rona EMS District, in which the City of Verona has an equity interest, which represents 1.05 percent and 1.87 percent, respectively, of the assets and net position of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fitch-Rona EMS District, in which the City of Verona has an equity interest, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

To the City Council
City of Verona

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 City of Verona's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Verona's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Verona, Wisconsin, as of December 31, 2015 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.

Emphasis of Matter

As discussed in Note I, the City of Verona adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information 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.

To the City Council
City of Verona

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Verona's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Vinchow Krauss, LLP

Madison, Wisconsin
June 3, 2016

CITY OF VERONA

STATEMENT OF NET POSITION
As of December 31, 2015

	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS				
Cash and investments	\$ 40,979,348	\$ 4,407,109	\$ 45,386,457	\$ -
Receivables (net)				
Taxes receivable	21,917,393	-	21,917,393	-
Delinquent personal property taxes	15,146	-	15,146	-
Accounts	249,318	845,732	1,095,050	20,701
Special assessments	9,285	23,547	32,832	-
Loans	203,149	-	203,149	-
Other	22,099	-	22,099	-
Leases receivable from primary government	-	-	-	4,930,000
Due from other governmental units	1,483	3,105	4,588	-
Due from component unit/to primary government	873,719	-	873,719	(873,719)
Internal balances	(76,981)	76,981	-	-
Inventories	-	35,414	35,414	-
Prepaid items	202,831	976	203,807	-
Restricted assets				
Cash and investments	2,375,735	1,100,028	3,475,763	873,719
Net pension asset	821,023	77,377	898,400	-
Other assets	-	373,663	373,663	-
Investment in joint venture	598,316	-	598,316	-
Capital Assets				
Capital assets not being depreciated	23,944,283	3,072,519	27,016,802	-
Other capital assets net of accumulated depreciation	60,429,525	66,330,311	126,759,836	-
Total Assets	<u>152,565,672</u>	<u>76,346,762</u>	<u>228,912,434</u>	<u>4,950,701</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	250,813	17,998	268,811	-
Pension related amounts	852,432	79,699	932,131	-
Total Deferred Outflows of Resources	<u>1,103,245</u>	<u>97,697</u>	<u>1,200,942</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,070,390	323,869	1,394,259	-
Other accrued liabilities	148,868	16,768	165,636	-
Due to other governmental units	33,372	-	33,372	-
Accrued interest	355,008	23,010	378,018	20,701
Deposits	13,624	-	13,624	-
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	-	439,999	439,999	-
Accrued interest	-	7,875	7,875	-
Noncurrent Liabilities				
Due within one year	5,368,332	326,800	5,695,132	795,000
Due in more than one year	44,437,854	4,416,408	48,854,262	4,135,000
Total Liabilities	<u>51,427,448</u>	<u>5,554,729</u>	<u>56,982,177</u>	<u>4,950,701</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	21,829,437	-	21,829,437	-
Unamortized gain on refunding	-	2,726	2,726	-
Pension related amounts	19,188	1,808	20,996	-
Total Deferred Inflows of Resources	<u>21,848,625</u>	<u>4,534</u>	<u>21,853,159</u>	<u>-</u>

See accompanying notes to financial statements.

	Governmental Activities	Business-type Activities	Totals	Component Unit
NET POSITION				
Net investment in capital assets	\$ 42,260,295	\$ 64,367,132	\$ 103,596,437	\$ -
Restricted for				
Debt service	-	595,103	595,103	-
TIF debt service	1,636,234	-	1,636,234	-
TIF activity	28,865,753	-	28,865,753	-
Library	344,838	-	344,838	-
Impact fees	2,375,735	-	2,375,735	-
Equipment replacement	-	69,600	69,600	-
Depreciation	-	427,450	427,450	-
Pension	821,023	77,377	898,400	-
Unrestricted	<u>4,088,966</u>	<u>5,348,534</u>	<u>12,468,490</u>	-
TOTAL NET POSITION	<u>\$ 80,392,844</u>	<u>\$ 70,885,196</u>	<u>\$ 151,278,040</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,196,319	\$ 284,967	\$ 19,045	\$ -
Public safety	5,094,290	465,246	92,133	733,457
Health and human services	452,142	44,102	300	-
Public works	4,269,262	992,122	724,576	2,535,133
Culture, education and recreation	2,380,996	386,117	606,466	233,032
Conservation and development	1,430,051	80,397	-	3,084,648
Interest and fiscal charges	<u>1,315,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>16,138,552</u>	<u>2,252,951</u>	<u>1,442,520</u>	<u>6,586,270</u>
Business-type Activities				
Water Utility	1,526,226	1,875,818	-	1,387,727
Sewer Utility	1,844,574	1,398,709	-	1,328,526
Stormwater Utility	<u>600,628</u>	<u>518,962</u>	<u>-</u>	<u>638,412</u>
Total Business-type Activities	<u>3,971,428</u>	<u>3,793,489</u>	<u>-</u>	<u>3,354,665</u>
Total Primary Government	<u>\$ 20,109,980</u>	<u>\$ 6,046,440</u>	<u>\$ 1,442,520</u>	<u>\$ 9,940,935</u>
Component Unit				
Community Development Authority	<u>\$ 283,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Developer guarantee payments

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Community Development Authority
\$ (892,307)	\$ -	\$ (892,307)	\$ -
(3,803,454)	-	(3,803,454)	-
(407,740)	-	(407,740)	-
(17,431)	-	(17,431)	-
(1,155,381)	-	(1,155,381)	-
1,734,994	-	1,734,994	-
<u>(1,315,492)</u>	<u>-</u>	<u>(1,315,492)</u>	<u>-</u>
<u>(5,856,811)</u>	<u>-</u>	<u>(5,856,811)</u>	<u>-</u>
-	1,737,319	1,737,319	-
-	882,661	882,661	-
-	<u>556,746</u>	<u>556,746</u>	-
-	<u>3,176,726</u>	<u>3,176,726</u>	-
<u>(5,856,811)</u>	<u>3,176,726</u>	<u>(2,680,085)</u>	-
-	-	-	(283,507)
7,302,736	-	7,302,736	-
2,833,480	-	2,833,480	-
10,099,286	-	10,099,286	-
248,922	-	248,922	-
910,596	-	910,596	-
100,160	-	100,160	-
448,531	9,419	457,950	283,507
154,572	-	154,572	-
<u>48,691</u>	<u>-</u>	<u>48,691</u>	<u>-</u>
<u>183,282</u>	<u>(183,282)</u>	<u>-</u>	<u>-</u>
<u>22,330,256</u>	<u>(173,863)</u>	<u>22,156,393</u>	<u>283,507</u>
16,473,445	3,002,863	19,476,308	-
<u>63,919,399</u>	<u>67,882,333</u>	<u>131,801,732</u>	<u>-</u>
<u>\$ 80,392,844</u>	<u>\$ 70,885,196</u>	<u>\$ 151,278,040</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF VERONA

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	<u>General</u>	<u>Special Accounts</u>	<u>Debt Service</u>	<u>Capital Improvement Program</u>
ASSETS				
Cash and investments	\$ 3,144,251	\$ 248,270	\$ 187,913	\$ 6,754,250
Receivables				
Taxes	4,128,513	375,740	3,019,001	321,253
Delinquent personal property tax	15,146	-	-	-
Accounts	166,438	39,931	-	-
Special assessments	2,032	-	7,253	-
Promissory notes	-	-	-	-
Other	22,099	-	-	-
Due from component units	-	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	<u>7,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 7,485,939</u>	<u>\$ 663,941</u>	<u>\$ 3,214,167</u>	<u>\$ 7,075,503</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 302,242	\$ 39,931	\$ -	\$ 491,027
Accrued liabilities	98,397	-	-	-
Deposits	13,624	-	-	-
Due to other governments	33,372	-	-	-
Due to other funds	76,981	-	-	-
Advances from other funds	-	-	-	<u>1,601,638</u>
Total Liabilities	<u>524,616</u>	<u>39,931</u>	<u>-</u>	<u>2,092,665</u>
Deferred Inflows of Resources				
Unavailable revenues	38,074	-	-	-
Unearned revenues	<u>4,033,304</u>	<u>375,740</u>	<u>3,026,254</u>	<u>321,253</u>
Total Deferred Inflows of Resources	<u>4,071,378</u>	<u>375,740</u>	<u>3,026,254</u>	<u>321,253</u>
Fund Balances				
Nonspendable	7,460	-	-	-
Restricted	-	-	187,913	3,795,000
Committed	-	248,270	-	-
Assigned	200,000	-	-	866,585
Unassigned	<u>2,682,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,889,945</u>	<u>248,270</u>	<u>187,913</u>	<u>4,661,585</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,485,939</u>	<u>\$ 663,941</u>	<u>\$ 3,214,167</u>	<u>\$ 7,075,503</u>

See accompanying notes to financial statements.

TIF District No. 7	Nonmajor Governmental Funds	Totals
\$ 24,286,464	\$ 8,549,101	\$ 43,170,249
8,898,314	5,174,572	21,917,393
-	-	15,146
-	37,348	243,717
-	-	9,285
-	203,149	203,149
-	-	22,099
613,252	260,467	873,719
-	1,483	1,483
1,601,638	-	1,601,638
-	-	7,460
<u>\$ 35,399,668</u>	<u>\$ 14,226,120</u>	<u>\$ 68,065,338</u>
\$ 61,523	\$ 175,506	\$ 1,070,229
-	50,285	148,682
-	-	13,624
-	-	33,372
-	-	76,981
-	-	1,601,638
<u>61,523</u>	<u>225,791</u>	<u>2,944,526</u>
-	204,632	242,706
<u>8,898,314</u>	<u>5,174,572</u>	<u>21,829,437</u>
<u>8,898,314</u>	<u>5,379,204</u>	<u>22,072,143</u>
-	-	7,460
26,439,831	6,579,580	37,002,324
-	2,041,545	2,289,815
-	-	1,066,585
-	-	2,682,485
<u>26,439,831</u>	<u>8,621,125</u>	<u>43,048,669</u>
<u>\$ 35,399,668</u>	<u>\$ 14,226,120</u>	<u>\$ 68,065,338</u>

See accompanying notes to financial statements.

CITY OF VERONA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2015

Total Fund Balances - Governmental Funds	\$ 43,048,669
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	84,373,808
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	242,706
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	821,023
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	852,432
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(19,188)
The city's investment in the joint venture is not a financial resource and, therefore, is not reported in the funds.	598,316
Internal service funds are reported in the statement of net position as governmental activities.	385,459
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(49,910,381)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 80,392,844</u>

CITY OF VERONA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015

	General	Special Accounts	Debt Service	Capital Improvement Program
REVENUES				
Taxes	\$ 4,001,633	\$ 551,254	\$ 2,833,480	\$ 182,951
Intergovernmental	1,092,957	329,118	-	-
Public charges for services	274,035	-	-	265,278
Fines, forfeitures and penalties	134,772	-	-	-
Licenses and permits	556,710	-	-	-
Investment income	256,633	-	-	-
Miscellaneous	1,042	3,056,877	-	86,145
Total Revenues	<u>6,317,782</u>	<u>3,937,249</u>	<u>2,833,480</u>	<u>534,374</u>
EXPENDITURES				
Current				
General government	1,046,729	-	-	-
Public safety	3,373,311	405,247	-	-
Public works	1,174,626	329,118	-	-
Health and human services	-	30,967	-	-
Culture, recreation and education	750,832	25	-	-
Conservation and development	385,863	174,184	-	-
Capital Outlay	-	2,991,940	-	12,314,533
Debt Service				
Principal	-	-	3,026,505	41,795
Interest and fiscal charges	-	-	1,019,731	76,621
Principal payments on capital lease	-	-	-	-
Interest payments on capital lease	-	-	-	-
Total Expenditures	<u>6,731,361</u>	<u>3,931,481</u>	<u>4,046,236</u>	<u>12,432,949</u>
Excess (deficiency) of revenues over expenditures	<u>(413,579)</u>	<u>5,768</u>	<u>(1,212,756)</u>	<u>(11,898,575)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	9,256,000
Premium on debt issued	-	-	199,692	-
Sales of capital assets	-	-	-	-
Transfers in	677,292	-	931,189	-
Transfers out	-	-	-	(68,000)
Total Other Financing Sources (Uses)	<u>677,292</u>	<u>-</u>	<u>1,130,881</u>	<u>9,188,000</u>
Net Change in Fund Balances	263,713	5,768	(81,875)	(2,710,575)
FUND BALANCES - Beginning of Year	<u>2,626,232</u>	<u>242,502</u>	<u>269,788</u>	<u>7,372,160</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,889,945</u>	<u>\$ 248,270</u>	<u>\$ 187,913</u>	<u>\$ 4,661,585</u>

See accompanying notes to financial statements.

TIF District No. 7	Nonmajor Governmental Funds	Totals
\$ 8,714,967	\$ 4,201,387	\$ 20,485,672
217,202	909,784	2,549,061
-	1,540,760	2,080,073
-	32,557	167,329
-	171,404	728,114
156,977	34,921	448,531
-	<u>271,826</u>	<u>3,415,890</u>
<u>9,089,146</u>	<u>7,162,639</u>	<u>29,874,670</u>
-	-	1,046,729
-	948,794	4,727,352
-	698,553	2,202,297
-	387,033	418,000
-	1,326,782	2,077,639
640,575	214,815	1,415,437
2,723,673	914,172	18,944,318
3,400	527,167	3,598,867
2,117	189,500	1,287,969
560,000	420,000	980,000
255,771	<u>27,746</u>	<u>283,517</u>
<u>4,185,536</u>	<u>5,654,562</u>	<u>36,982,125</u>
<u>4,903,610</u>	<u>1,508,077</u>	<u>(7,107,455)</u>
-	1,460,000	10,716,000
-	16,187	215,879
-	1,550	1,550
-	78,000	1,686,481
-	<u>(941,189)</u>	<u>(1,009,189)</u>
-	<u>614,548</u>	<u>11,610,721</u>
4,903,610	2,122,625	4,503,266
<u>21,536,221</u>	<u>6,498,500</u>	<u>38,545,403</u>
<u>\$ 26,439,831</u>	<u>\$ 8,621,125</u>	<u>\$ 43,048,669</u>

See accompanying notes to financial statements.

CITY OF VERONA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$	4,503,266
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		18,944,318
Some items reported as capital outlay were not capitalized		(1,363,272)
Depreciation is reported in the government-wide financial statements		(2,015,695)
Net book value of capital assets disposed		(56,934)
Contributed capital assets are reported as revenues in the government-wide financial statements.		2,274,323
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		(43,532)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(10,716,000)
Principal repaid		4,578,867
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Change in debt premium		93,126
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(99,065)
Amortization of the deferred loss on refunding		(55,997)
Accrued interest on debt		2,967
Net pension asset/liability		(472,756)
Deferred outflows of resources related to pensions		525,380
Deferred inflows of resources related to pensions		(19,188)
The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.		315,898
Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities		<u>77,739</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>16,473,445</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
ASSETS					
Current Assets					
Cash and investments	\$ 2,453,892	\$ 1,204,921	\$ 748,296	\$ 4,407,109	\$ 184,834
Receivables					
Other receivables	320,927	379,336	145,469	845,732	5,601
Due from other governments	1,260	1,597	248	3,105	-
Due from other funds	31,328	38,092	7,561	76,981	-
Inventories	35,414	-	-	35,414	-
Prepaid items	488	488	-	976	195,371
Restricted Assets					
Redemption account	<u>159,633</u>	<u>104,908</u>	<u>-</u>	<u>264,541</u>	<u>-</u>
Total Current Assets	<u>3,002,942</u>	<u>1,729,342</u>	<u>901,574</u>	<u>5,633,858</u>	<u>385,806</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	174,330	164,107	-	338,437	-
Depreciation account	377,760	49,690	-	427,450	-
Replacement account	-	69,600	-	69,600	-
Net pension asset	46,043	17,826	13,508	77,377	-
Capital Assets					
Land	65,089	-	2,881,480	2,946,569	-
Construction in progress	6,975	6,975	-	13,950	-
Intangible assets	-	-	112,000	112,000	-
Property and equipment	37,566,191	20,161,240	23,755,042	81,482,473	-
Less: Accumulated depreciation	(6,725,129)	(4,196,553)	(4,230,480)	(15,152,162)	-
Other Assets					
Deferred special assessments receivable	2,312	21,235	-	23,547	-
Unamortized investment in interceptor	<u>-</u>	<u>373,663</u>	<u>-</u>	<u>373,663</u>	<u>-</u>
Total Noncurrent Assets	<u>31,513,571</u>	<u>16,667,783</u>	<u>22,531,550</u>	<u>70,712,904</u>	<u>-</u>
Total Assets	<u>34,516,513</u>	<u>18,397,125</u>	<u>23,433,124</u>	<u>76,346,762</u>	<u>385,806</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on advance refunding	8,808	3,574	5,616	17,998	-
Pension related amounts	<u>46,219</u>	<u>18,172</u>	<u>15,308</u>	<u>79,699</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>55,027</u>	<u>21,746</u>	<u>20,924</u>	<u>97,697</u>	<u>-</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 56,261	\$ 257,893	\$ 9,715	\$ 323,869	\$ 347
Accrued wages	9,921	4,152	2,695	16,768	-
Accrued interest	15,353	1,083	6,574	23,010	-
Current portion of general obligation debt	76,600	125,200	125,000	326,800	-
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	266,862	173,137	-	439,999	-
Accrued interest	3,963	3,912	-	7,875	-
Total Current Liabilities	<u>428,960</u>	<u>565,377</u>	<u>143,984</u>	<u>1,138,321</u>	<u>347</u>
Noncurrent Liabilities					
Long-Term Debt					
General obligation	1,473,650	40,002	895,000	2,408,652	-
Revenue bonds	905,002	929,997	-	1,834,999	-
Accrued compensated absences	46,289	41,988	43,960	132,237	-
Unamortized premium	21,945	1,032	17,543	40,520	-
Total Noncurrent Liabilities	<u>2,446,886</u>	<u>1,013,019</u>	<u>956,503</u>	<u>4,416,408</u>	<u>-</u>
Total Liabilities	<u>2,875,846</u>	<u>1,578,396</u>	<u>1,100,487</u>	<u>5,554,729</u>	<u>347</u>
DEFERRED INFLOWS OF RESOURCES					
Unamortized gain on refunding	-	-	2,726	2,726	-
Pension related amounts	<u>1,075</u>	<u>417</u>	<u>316</u>	<u>1,808</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,075</u>	<u>417</u>	<u>3,042</u>	<u>4,534</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	28,177,875	14,705,868	21,483,389	64,367,132	-
Restricted for					
Debt service	330,000	265,103	-	595,103	-
Equipment replacement	-	69,600	-	69,600	-
Depreciation	377,760	49,690	-	427,450	-
Pension	46,043	17,826	13,508	77,377	-
Unrestricted	<u>2,762,941</u>	<u>1,731,971</u>	<u>853,622</u>	<u>5,348,534</u>	<u>385,459</u>
TOTAL NET POSITION	<u>\$ 31,694,619</u>	<u>\$ 16,840,058</u>	<u>\$ 22,350,519</u>	<u>\$ 70,885,196</u>	<u>\$ 385,459</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
OPERATING REVENUES					
Charges for services	\$ 1,875,818	\$ 1,398,709	\$ 518,962	\$ 3,793,489	\$ 1,392,924
Total Operating Revenues	<u>1,875,818</u>	<u>1,398,709</u>	<u>518,962</u>	<u>3,793,489</u>	<u>1,392,924</u>
OPERATING EXPENSES					
Operation and maintenance	667,669	1,285,019	233,572	2,186,260	-
Depreciation	763,188	341,819	344,911	1,449,918	-
Amortization expense	-	157,941	-	157,941	-
Insurance services	-	-	-	-	1,315,185
Total Operating Expenses	<u>1,430,857</u>	<u>1,784,779</u>	<u>578,483</u>	<u>3,794,119</u>	<u>1,315,185</u>
Operating Income (Loss)	<u>444,961</u>	<u>(386,070)</u>	<u>(59,521)</u>	<u>(630)</u>	<u>77,739</u>
NONOPERATING REVENUES (EXPENSES)					
Interest expense	(95,286)	(57,278)	(26,292)	(178,856)	-
Amortization	(83)	(2,517)	4,147	1,547	-
Investment income	<u>5,109</u>	<u>2,862</u>	<u>1,448</u>	<u>9,419</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(90,260)</u>	<u>(56,933)</u>	<u>(20,697)</u>	<u>(167,890)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>354,701</u>	<u>(443,003)</u>	<u>(80,218)</u>	<u>(168,520)</u>	<u>77,739</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	1,387,727	1,328,526	638,412	3,354,665	-
Capital contributions - municipal	151,352	67,000	275,658	494,010	-
Transfers out	<u>(677,292)</u>	<u>-</u>	<u>-</u>	<u>(677,292)</u>	<u>-</u>
Total Contributions and Transfers	<u>861,787</u>	<u>1,395,526</u>	<u>914,070</u>	<u>3,171,383</u>	<u>-</u>
Change in Net Position	<u>1,216,488</u>	<u>952,523</u>	<u>833,852</u>	<u>3,002,863</u>	<u>77,739</u>
NET POSITION - Beginning of Year (as restated)	<u>30,478,131</u>	<u>15,887,535</u>	<u>21,516,667</u>	<u>67,882,333</u>	<u>307,720</u>
NET POSITION - END OF YEAR	<u>\$ 31,694,619</u>	<u>\$ 16,840,058</u>	<u>\$ 22,350,519</u>	<u>\$ 70,885,196</u>	<u>\$ 385,459</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,450,280	\$ 1,401,050	\$ 490,792	\$ 3,342,122	\$ 1,387,323
Received from city for services	464,096	-	-	464,096	-
Paid to suppliers for goods and services	(461,734)	(1,124,650)	(120,766)	(1,707,150)	(1,322,835)
Paid to employees for services	(211,622)	(117,364)	(103,519)	(432,505)	-
Net Cash Flows From Operating Activities	<u>1,241,020</u>	<u>159,036</u>	<u>266,507</u>	<u>1,666,563</u>	<u>64,488</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	5,109	2,862	1,448	9,419	-
Net Cash Flows From Investing Activities	<u>5,109</u>	<u>2,862</u>	<u>1,448</u>	<u>9,419</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(677,292)	-	-	(677,292)	-
Net Cash Flows From Noncapital Financing Activities	<u>(677,292)</u>	<u>-</u>	<u>-</u>	<u>(677,292)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(341,899)	(282,801)	(120,000)	(744,700)	-
Interest paid	(97,357)	(58,183)	(26,785)	(182,325)	-
Acquisitions and construction of capital assets	(541,017)	(139,698)	(40,830)	(721,545)	-
Capital contributions received	89,978	258,016	-	347,994	-
Salvage on retirement of plant	38,129	38,129	-	76,258	-
Net Cash Flows From Capital and Related Financing Activities	<u>(852,166)</u>	<u>(184,537)</u>	<u>(187,615)</u>	<u>(1,224,318)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	<u>(283,329)</u>	<u>(22,639)</u>	<u>80,340</u>	<u>(225,628)</u>	<u>64,488</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,448,944</u>	<u>1,615,865</u>	<u>667,956</u>	<u>5,732,765</u>	<u>120,346</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,165,615</u>	<u>\$ 1,593,226</u>	<u>\$ 748,296</u>	<u>\$ 5,507,137</u>	<u>\$ 184,834</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 444,961	\$ (386,070)	\$ (59,521)	\$ (630)	\$ 77,739
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	763,188	341,819	344,911	1,449,918	-
Depreciation charged to other funds	38,632	-	-	38,632	-
Amortization	-	157,941	-	157,941	-
Changes in assets and liabilities					
Accounts receivable	(2,662)	(657)	(19,106)	(22,425)	(5,601)
Other accounts receivable	-	-	(10,081)	(10,081)	-
Due from other funds	2,588	2,998	1,017	6,603	-
Materials and supplies	(8,618)	-	-	(8,618)	-
Prepayments	2,812	2,162	2,162	7,136	(7,997)
Accounts payable	(3,418)	34,546	4,631	35,759	347
Other current liabilities	3,828	6,686	4,326	14,840	-
Pension related deferrals and assets	(291)	(389)	(1,832)	(2,512)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,241,020</u>	<u>\$ 159,036</u>	<u>\$ 266,507</u>	<u>\$ 1,666,563</u>	<u>\$ 64,488</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments	\$ 2,453,892	\$ 1,204,921	\$ 748,296	\$ 4,407,109	\$ 184,834
Restricted cash and investments					
Redemption account	159,633	104,908	-	264,541	-
Reserve account	174,330	164,107	-	338,437	-
Depreciation account	377,760	49,690	-	427,450	-
Replacement account	-	69,600	-	69,600	-
CASH AND CASH EQUIVALENTS	<u>\$ 3,165,615</u>	<u>\$ 1,593,226</u>	<u>\$ 748,296</u>	<u>\$ 5,507,137</u>	<u>\$ 184,834</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Developer financed additions to utility plant	<u>\$ 1,298,207</u>	<u>\$ 1,157,681</u>	<u>\$ 638,412</u>		<u>\$ -</u>
TIF financed additions to utility plant	<u>\$ 151,352</u>	<u>\$ 67,000</u>	<u>\$ 275,658</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 15,436,030
Taxes receivable	<u>11,173,687</u>
TOTAL ASSETS	<u>\$ 26,609,717</u>
LIABILITIES	
Accounts payable	\$ 27,423
Due to other governments	<u>26,582,294</u>
TOTAL LIABILITIES	<u>\$ 26,609,717</u>

See accompanying notes to financial statements.

CITY OF VERONA

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CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Verona, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Community Development Authority of the City of Verona

The government-wide financial statements include the Community Development Authority of the City of Verona ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note IV.J. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2015. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Accounts Special revenue fund - used to account for and report activities related to room taxes, transit programs, DARE funds, and crime prevention, and specific donations.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital Improvement Program Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Tax Incremental Financing (TIF) District No. 7 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system
- Sewer Utility - accounts for operations of the sewer system
- Stormwater Utility - accounts for operations of the stormwater system

The city reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Senior Citizens Center
- Refuse and Recycling
- Forestry
- Cable Franchise
- Impact Fees
- Library
- Economic Development Commission
- Fire Department

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

TIF District No. 5

Capital Projects Funds - 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.

- Revolving Funds
- TIF District No. 4
- TIF District No. 6

In addition, the city reports the following fund types:

Internal Service Fund - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

Insurance Fund

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Agency Fund - used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In general, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. However, the city also judgmentally uses an extended period of time, mainly due to unusual delays in payments from other governments, to avoid artificially distorting normal revenue patterns. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of city funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The city has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Credit risk
- Custodial credit risk
- Interest rate risk
- Concentration of credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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 for the water, sewer, and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$25,000 for land improvements, buildings, and building improvements, more than \$15,000 for machinery and equipment, and \$25,000 for infrastructure 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 capital assets are recorded at their estimated fair value at the date of donation.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

Buildings	40-50 Years
Land Improvements	15-30 Years
Machinery and Equipment	3-15 Years
Utility System	5-100 Years
Infrastructure	20-75 Years

Fund Financial Statements

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

6. Other Assets

Other assets include the sewer utility's unamortized capacity charge and investment in an interceptor project with Madison Metropolitan Sewerage District.

\$373,663 is the unamortized costs for an interceptor project that began in 2007. These costs are being amortized on the straight line basis over a 20 year period to correspond with the term of the debt issued to fund the payment.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

8. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015, are determined on the basis of current salary rates and include salary related payments.

9. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, capital leases, and accrued compensated absences.

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Long-Term Obligations/Conduit Debt (cont.)

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$7,070,000, made up of 2 issues.

At year end, the aggregate principal amount for a third issue outstanding, the 1996 series, could not be determined; however, the original issue was \$3,300,000.

10. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

11. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Government-Wide Statements (cont.)

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 42,260,295	\$ 64,367,132	\$ (3,030,990)	\$ 103,596,437
Unrestricted	4,088,966	5,348,534	3,030,990	12,468,490

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Council to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

Proprietary fund equity is classified the same as in the government-wide statements.

The city has a formal minimum fund balance policy. That policy targets to maintain unassigned general fund balance between 25-35% of the total subsequent year's budgeted general fund expenditures. Amounts in excess of these targets are to be applied to one-time expenses or capital items. The unassigned general fund balance at year end was \$2,682,485, or 37% of 2016 budgeted general fund expenditures.

See Note IV. H. for further information.

12. Basis for Existing Rates

Water Utility

Current water rates were approved by the PSCW effective July 1, 2011.

Sewer Utility

Current sewer rates were approved by the city council effective April 1, 2012.

Stormwater Utility

Current stormwater rates were approved by the city council effective July 1, 2010.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	10,583,886
Right of way		12,391,320
Land improvements		922,298
Buildings		28,832,362
Machinery and equipment		9,487,043
Infrastructure		39,945,767
Construction in progress		969,077
Less: Accumulated depreciation		<u>(18,757,945)</u>
Combined Adjustment for Capital Assets	\$	<u>84,373,808</u>

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

Bonds and notes payable	\$	43,465,084
Compensated absences		837,769
Accrued interest		355,008
Unamortized premium on debt		573,333
Capital leases		4,930,000
Unamortized loss on refunding		<u>(250,813)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>49,910,381</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Forestry	\$ 22,175	\$ 36,500	\$ 14,325
TIF District No. 6	919,052	1,145,761	226,709

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

B. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 1,509,273	\$ 1,706,586	Custodial credit
Money market	17,486,521	17,486,521	Custodial credit
US agencies - explicitly guaranteed	7,290,028	7,290,028	Custodial credit and interest rate
US agencies - implicitly guaranteed	8,193,062	8,193,062	Credit, custodial credit, concentration of credit, and interest rate
LGIP	29,818,436	29,818,436	Credit
Petty cash	930	-	N/A
Total Deposits and Investments	<u>\$ 64,298,250</u>	<u>\$ 64,494,633</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 45,386,457		
Restricted cash and investments	3,475,763		
Per statement of assets and liabilities -			
agency funds			
Agency Fund	15,436,030		
Total Deposits and Investments	<u>\$ 64,298,250</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$1,000,000 of the city's investments are covered by SIPC. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit. \$14,487,801 of the city's investments are covered by Lloyds of London.

The city maintains collateral agreements with its banks. At December 31, 2015, the banks had pledged various government securities in the amount of \$8,322,193 to secure the city's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

The city does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The city does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2015, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
U.S. agencies implicitly guaranteed- FHLB	AA+	Aaa
U.S. agencies implicitly guaranteed - FFCB	AA+	Aaa

The city also held investments in the following external pool which is not rated:

Local Government Investment Pool

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2015, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies implicitly guaranteed	14.67%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2015, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Months)	
		Less than 1	1 to 5
US agencies	\$ 15,483,090	\$ 3,474,256	\$ 12,008,834

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year with the exception of the majority of receivables reported as loans receivable, delinquent personal property taxes, and special assessments.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 21,192,739	\$ -
Delinquent personal property taxes receivable	-	5,612
Special assessments on properties not yet annexed to city	7,253	2,605
Special charges placed on tax roll	627,810	29,857
Long-term notes/loans receivable	-	203,149
Dog licenses	1,635	-
Delinquent refuse special charges held by county	-	1,483
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 21,829,437	 \$ 242,706

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

Impact Fee Account

The city has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2015:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 264,541	\$ 7,875	\$ 256,666
Bond reserve account	338,437	-	338,437
Bond depreciation account	427,450	-	427,450
Equipment replacement account	69,600	-	69,600
Impact fee account	2,375,735	-	2,375,735
Net pension asset	<u>898,400</u>	<u>-</u>	<u>898,400</u>
 Total	 <u>\$ 4,374,163</u>	 <u>\$ 7,875</u>	 <u>\$ 4,366,288</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,751,903	\$ 6,831,983	\$ -	\$ 10,583,886
Right of way	11,921,144	470,176	-	12,391,320
Construction in progress	<u>4,280,834</u>	<u>713,702</u>	<u>4,025,459</u>	<u>969,077</u>
Total Capital Assets Not Being Depreciated	<u>19,953,881</u>	<u>8,015,861</u>	<u>4,025,459</u>	<u>23,944,283</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Land improvements	\$ 910,621	\$ 11,677	\$ -	\$ 922,298
Buildings	18,232,583	10,599,779	-	28,832,362
Machinery and equipment	9,158,240	643,332	314,529	9,487,043
Streets	25,172,935	3,651,542	393,128	28,431,349
Sidewalks	3,721,257	337,099	-	4,058,356
Curb and gutter	6,062,571	621,538	41,163	6,642,946
Street lights	813,116	-	-	813,116
Total Capital Assets Being Depreciated	<u>64,071,323</u>	<u>15,864,967</u>	<u>748,820</u>	<u>79,187,470</u>
Total Capital Assets	<u>84,025,204</u>	<u>23,880,828</u>	<u>4,774,279</u>	<u>103,131,753</u>
Less: Accumulated depreciation for				
Land improvements	(60,914)	(2,916)	-	(63,830)
Buildings	(4,085,051)	(518,138)	-	(4,603,189)
Machinery and equipment	(3,733,502)	(515,596)	257,595	(3,991,503)
Streets	(6,962,949)	(710,784)	393,128	(7,280,605)
Sidewalks	(766,634)	(81,167)	-	(847,801)
Curb and gutter	(1,513,763)	(132,859)	41,163	(1,605,459)
Street lights	(311,323)	(54,235)	-	(365,558)
Total Accumulated Depreciation	<u>(17,434,136)</u>	<u>(2,015,695)</u>	<u>691,886</u>	<u>(18,757,945)</u>
Net Capital Assets Being Depreciated	<u>46,637,187</u>	<u>13,849,272</u>	<u>56,934</u>	<u>60,429,525</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 66,591,068</u>	<u>\$ 21,865,133</u>	<u>\$ 4,082,393</u>	<u>\$ 84,373,808</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 101,605
Public safety	317,355
Health and human services	35,030
Public works	1,160,931
Culture, education, and recreation	400,108
Conservation and development	666
Total Governmental Activities Depreciation Expense	<u>\$ 2,015,695</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 65,089	\$ -	\$ -	\$ 65,089
Construction in progress	1,833	6,975	1,833	6,975
Total Capital Assets Not Being Depreciated	66,922	6,975	1,833	72,064
Capital assets being depreciated				
Source of supply	886,061	-	-	886,061
Pumping	4,051,172	-	-	4,051,172
Water treatment	120,145	-	-	120,145
Transmission and distribution	29,722,297	1,914,209	90,684	31,545,822
General	941,109	72,827	50,945	962,991
Total Capital Assets Being Depreciated	35,720,784	1,987,036	141,629	37,566,191
Total Capital Assets	35,787,706	1,994,011	143,462	37,638,255
Less: Accumulated depreciation for				
Water plant	(6,026,809)	(801,820)	103,500	(6,725,129)
Total Accumulated Depreciation	(6,026,809)	(801,820)	103,500	(6,725,129)
Net Capital Assets Being Depreciated	29,693,975	1,185,216	38,129	30,841,062
Net Water Capital Assets	\$ 29,760,897	\$ 1,192,191	\$ 39,962	\$ 30,913,126

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 6,975	\$ -	\$ 6,975
Total Capital Assets Not Being Depreciated	-	6,975	-	6,975
Capital assets being depreciated				
Collection system	17,946,723	1,294,640	11,814	19,229,549
General	905,916	72,154	46,379	931,691
Total Capital Assets Being Depreciated	18,852,639	1,366,794	58,193	20,161,240
Total Capital Assets	18,852,639	1,373,769	58,193	20,168,215
Less: Accumulated depreciation for				
Sewer plant	(3,874,798)	(342,174)	20,419	(4,196,553)
Total Accumulated Depreciation	(3,874,798)	(342,174)	20,419	(4,196,553)
Net Capital Assets Being Depreciated	14,977,841	1,024,620	37,774	15,964,687
Net Sewer Capital Assets	\$ 14,977,841	\$ 1,031,595	\$ 37,774	\$ 15,971,662

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Intangible assets	\$ 112,000	\$ -	\$ -	\$ 112,000
Land and land rights	2,881,480	-	-	2,881,480
Total Capital Assets Not Being Depreciated	2,993,480	-	-	2,993,480
Capital assets being depreciated				
General plant	22,800,142	954,900	-	23,755,042
Total Capital Assets Being Depreciated	22,800,142	954,900	-	23,755,042
Total Capital Assets	25,793,622	954,900	-	26,748,522
Less: Accumulated depreciation for				
Stormwater plant	(3,885,569)	(344,911)	-	(4,230,480)
Total Accumulated Depreciation	(3,885,569)	(344,911)	-	(4,230,480)
Net Capital Assets Being Depreciated	18,914,573	609,989	-	19,524,562
Net Stormwater Capital Assets	\$ 21,908,053	\$ 609,989	\$ -	\$ 22,518,042
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 66,646,791	\$ 2,833,775	\$ 77,736	\$ 69,402,830

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 763,188
Sewer	341,819
Storm	344,911
Total Business-type Activities Depreciation Expense	\$ 1,449,918

Depreciation expense may be different from accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations or costs associated with the disposal of assets.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water utility	General	\$ 31,328
Sewer utility	General	38,092
Stormwater utility	General	<u>7,561</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 76,981</u>

All amounts are due within one year.

Advances

The TIF District No. 7 fund is advancing funds to the Capital Improvement Program fund. The amount advanced is determined by the amount needed to finance the purchase of property that the city acquired during 2015. The Capital Improvement fund will pay back the advance with borrowed funds. No repayment schedule has been established and interest is not being charged. The balance at December 31, 2015 is \$1,601,638.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt service	Library	\$ 546,044	Debt service
Debt service	Impact fees	385,145	Debt service
Library	Capital improvement program	68,000	Library capital campaign
Library	Impact fees	10,000	Impact fees collection applied to library debt
General	Water utility	<u>677,292</u>	Payment in lieu of taxes
Total - Fund Financial Statements		1,686,481	
Less: Fund eliminations		(1,009,189)	
Less: Transfer utility capital assets to water, sewer and stormwater utilities from governmental activities		<u>(494,010)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 183,282</u></u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 35,952,951	\$ 10,716,000	\$ 3,498,867	\$ 43,170,084	\$ 4,002,560
Revenue bonds	395,000	-	100,000	295,000	100,000
(Discounts)/Premiums	666,459	-	93,126	573,333	-
Sub-totals	<u>37,014,410</u>	<u>10,716,000</u>	<u>3,691,993</u>	<u>44,038,417</u>	<u>4,102,560</u>
Other Liabilities					
Vested compensated absences	738,704	521,157	422,092	837,769	470,772
Capital leases	5,910,000	-	980,000	4,930,000	795,000
Total Other Liabilities	<u>6,648,704</u>	<u>521,157</u>	<u>1,402,092</u>	<u>5,767,769</u>	<u>1,265,772</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 43,663,114</u>	<u>\$ 11,237,157</u>	<u>\$ 5,094,085</u>	<u>\$ 49,806,186</u>	<u>\$ 5,368,332</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,060,152	\$ -	\$ 324,700	\$ 2,735,452	\$ 326,800
Revenue bonds	2,694,998	-	420,000	2,274,998	439,999
(Discounts)/Premiums	48,381	-	7,861	40,520	-
Sub-totals	<u>5,803,531</u>	<u>-</u>	<u>752,561</u>	<u>5,050,970</u>	<u>766,799</u>
Other Liabilities					
Vested compensated absences	118,060	41,152	26,975	132,237	-
Total Business-type Activities Long-Term Liabilities	<u>\$ 5,921,591</u>	<u>\$ 41,152</u>	<u>\$ 779,536</u>	<u>\$ 5,183,207</u>	<u>\$ 766,799</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2015, was \$104,690,580. Total general obligation debt outstanding at year end was \$45,905,536.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
General obligation refunding bonds	03/01/2004	06/01/2016	1.30 - 4.00%	\$ 2,907,400	\$ 34,800
General obligation corporate purpose bonds	07/01/2005	02/01/2019	3.25 - 4.10%	6,545,000	1,395,000
General obligation promissory notes	07/01/2006	02/01/2016	4.00 - 4.25%	945,000	160,000
State trust fund loan	02/19/2007	03/15/2016	5.25%	450,000	61,028
General obligation promissory notes	08/19/2008	08/01/2018	3.00-4.10%	1,220,000	545,000
General obligation corporate purpose bonds	08/19/2008	08/01/2028	4.00-4.60%	3,630,150	2,954,750
General obligation refunding bonds	05/05/2010	12/01/2019	1.00-3.30%	5,405,000	1,420,000
General obligation corporate purpose bonds	07/27/2011	06/01/2023	0.90-3.00%	4,040,000	3,520,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	7,220,000	6,525,000
State Trust Fund loan	03/26/2013	03/15/2023	2.75%	75,000	61,532
State Trust Fund loan	08/19/2013	03/15/2023	2.75%	600,000	486,974
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	5,215,000	5,050,000
General obligation promissory notes	06/26/2013	04/01/2023	1.00-2.10%	2,460,000	1,995,000
General obligation corporate purpose bonds	07/16/2014	6/01/2034	2.00-4.00%	8,690,000	8,245,000
General obligation promissory notes	07/22/2015	06/01/2025	2.00-2.50%	4,865,000	4,865,000
General obligation corporate purpose bonds	07/22/2015	06/01/2035	2.00-3.50%	4,765,000	4,765,000
State Trust Fund Loan	10/20/2015	03/15/2023	3.25%	700,000	700,000
State Trust Fund Loan	02/10/2015	03/15/2024	3.50%	386,000	<u>386,000</u>

Total Governmental Activities - General Obligation Debt

\$ 43,170,084

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
General obligation refunding bonds	03/01/2004	06/01/2016	1.30-4.00%	\$ 947,850	\$ 85,200
General Obligation corporate purpose bonds	08/01/2008	08/01/2028	4.00-4.60%	244,850	205,250
General obligation corporate purpose bonds	07/27/11	06/01/21	0.90-2.80%	560,000	350,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	1,860,000	1,570,002
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	580,000	<u>525,000</u>
Total Business-type Activities - General Obligation Debt					<u><u>\$ 2,735,452</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,002,560	\$ 1,231,419	\$ 326,800	\$ 70,674
2017	3,891,857	1,069,483	250,752	62,569
2018	3,904,967	957,779	215,750	56,286
2019	3,838,176	848,363	225,750	50,199
2020	3,706,438	745,072	230,750	43,757
2021-2025	15,621,086	2,395,641	850,650	147,933
2026-2030	5,905,000	880,081	635,000	43,232
2031-2035	<u>2,300,000</u>	<u>189,807</u>	-	-
Totals	<u><u>\$ 43,170,084</u></u>	<u><u>\$ 8,317,645</u></u>	<u><u>\$ 2,735,452</u></u>	<u><u>\$ 474,650</u></u>

Revenue Debt

Governmental activities revenue bonds are payable from revenues derived from future tax levies. Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and sewer utilities.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The city has pledged future TIF 6 revenues to repay revenue bonds issued in 2006. Proceeds from the bonds provided financing for the TIF 6 projects. The bonds are payable solely from TIF 6 incremental revenues and are payable through 2018. Annual principal and interest payments on the bonds are expected to require 10.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$313,263. Principal and interest paid for the current year and total customer gross revenues were \$114,327 and \$1,071,803, respectively.

The water and sewer utilities have pledged future revenues to repay revenue bonds issued in 2003-2008. Proceeds from the bonds provided financing for the water and sewer projects. The bonds are payable solely from water and sewer utility revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 7% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$2,664,985. Principal and interest paid for the current year and total customer gross revenues were \$522,486 and \$3,282,498, respectively.

Revenue debt payable at December 31, 2015, consists of the following:

Governmental Activities Revenue Debt

Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
Revenue refunding bonds	7/1/2006	6/1/2018	4.10-4.50%	\$ 730,000	\$ <u>295,000</u>
Total Governmental Activities - Revenue Debt					\$ <u><u>295,000</u></u>

Business-type Activities Revenue Debt

Water Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
Revenue bonds	07/01/2003	06/01/2016	1.60-3.75%	\$ 1,075,000	\$ 120,000
Revenue bonds	07/01/2006	06/01/2026	4.10-4.50%	1,615,000	1,089,998
Revenue bonds - refunding	07/01/2006	06/01/2020	4.10-4.30%	1,100,000	605,000
Refunding revenue bonds	03/01/2008	06/01/2018	2.90-3.75%	1,340,000	<u>460,000</u>
Total Business-type Activities - Revenue Debt					\$ <u><u>2,274,998</u></u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Revenue Debt		Business-type Activities Revenue Debt	
	Principal	Interest	Principal	Interest
2016	\$ 100,000	\$ 10,203	\$ 439,999	\$ 85,988
2017	100,000	6,065	330,000	70,942
2018	95,000	1,995	345,000	57,520
2019	-	-	240,000	45,535
2020	-	-	245,000	35,167
2021-2025	-	-	550,000	92,022
2026	-	-	124,999	2,813
Totals	<u>\$ 295,000</u>	<u>\$ 18,263</u>	<u>\$ 2,274,998</u>	<u>\$ 389,987</u>

Capital Leases

Refer to Note IV. G.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

During 2005, the city guaranteed a loan in the amount of \$300,000 for the Verona Little League related to a borrowing for baseball diamonds. At December 31, 2015, the balance was \$64,826.

A statutory mortgage lien upon the city's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The city's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES

Lessee - Capital Leases

The Community Development Authority (CDA) of the City of Verona has issued lease revenue bonds (see Note IV.I.). As security for the 2002, 2003 and 2008 bonds, the CDA has entered into lease agreements with the City of Verona. The terms and amounts of the rent payments are the same as the payment dates and amounts of the lease revenue bonds. The future principal and interest payments as of December 31, 2015, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 795,000	\$ 243,509	\$ 1,038,509
2017	830,000	205,993	1,035,993
2018	650,000	171,457	821,457
2019	675,000	138,237	813,237
2020	690,000	103,550	793,550
2021-2022	<u>1,290,000</u>	<u>99,375</u>	<u>1,389,375</u>
Totals	<u>\$ 4,930,000</u>	<u>\$ 962,121</u>	<u>\$ 5,892,121</u>

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2015, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 10,583,886
Construction in progress	969,077
Right of way	12,391,320
Other capital assets, net of accumulated depreciation	60,429,525
Less: Long-term debt outstanding	(45,365,179)
Plus: Unspent capital related debt proceeds	3,825,000
Less: Unamortized debt premium	<u>(573,334)</u>
Total Net Investment in Capital Assets	<u>42,260,295</u>
Restricted	
TIF debt service	1,636,234
TIF activity	28,865,753
Library	344,838
Impact fees	2,375,735
Pension	<u>821,023</u>
Total Restricted	<u>34,043,583</u>
Unrestricted	<u>4,088,966</u>
Total Governmental Activities Net Position	<u>\$ 80,392,844</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2015, include the following:

	<u>General Fund</u>	<u>Special Accounts</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>TIF District No. 7</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances							
Nonspendable:							
Prepaid items	\$ 7,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,460
Restricted for:							
Debt service	-	-	187,913	-	-	1,091,986	1,279,899
Library purposes	-	-	-	-	-	344,838	344,838
TIF activities	-	-	-	-	26,439,831	2,767,021	29,206,852
Library facilities	-	-	-	-	-	338,330	338,330
Police facilities	-	-	-	-	-	1,221,934	1,221,934
Fire facilities	-	-	-	-	-	815,471	815,471
Capital projects	-	-	-	3,795,000	-	-	3,795,000
Committed to:							
Senior citizen activities and services	-	-	-	-	-	75,325	75,325
Cable operations	-	-	-	-	-	424,237	424,237
Tourism	-	71,349	-	-	-	-	71,349
Crime prevention	-	14,811	-	-	-	-	14,811
Fire and EMS	-	18,019	-	-	-	469,369	487,388
Economic development	-	-	-	-	-	256,885	256,885
Equipment replacement	-	-	-	-	-	691,617	691,617
Refuse and recycling	-	-	-	-	-	79,844	79,844
Urban forestry programs	-	-	-	-	-	44,268	44,268
Epic Grant activity	-	144,091	-	-	-	-	144,091
Assigned to:							
Subsequent year's budget	200,000	-	-	-	-	-	200,000
Capital projects	-	-	-	866,585	-	-	866,585
Unassigned:	<u>2,682,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,682,485</u>
Total Fund Balances	<u>\$ 2,889,945</u>	<u>\$ 248,270</u>	<u>\$ 187,913</u>	<u>\$ 4,661,585</u>	<u>\$ 26,439,831</u>	<u>\$ 8,621,125</u>	<u>\$ 43,048,669</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 2,946,569
Construction in progress	13,950
Intangible assets	112,000
Other capital assets, net of accumulated depreciation	66,330,311
Less: Long-term debt outstanding	(5,010,450)
Plus: Unamortized loss on advanced refunding	15,272
Less: Unamortized premium	<u>(40,520)</u>
Total Net Investment in Capital Assets	<u>64,367,132</u>
Restricted	
Debt service	595,103
Equipment replacement	69,600
Depreciation	427,450
Pension	<u>77,377</u>
Total Restricted	<u>1,169,530</u>
Unrestricted	<u>5,348,534</u>
Total Business-type Activities Net Position	<u>\$ 70,885,196</u>

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Water Utility	Sewer Utility	Stormwater Utility
Net Position - December 31, 2014 (as reported)	\$ 62,298,569	\$ 67,729,577	\$ 30,387,235	\$ 15,852,343	\$ 21,489,999
Add: Net pension asset	1,293,779	121,933	72,555	28,091	21,287
Add: Deferred outflows related to pensions	<u>327,051</u>	<u>30,823</u>	<u>18,341</u>	<u>7,101</u>	<u>5,381</u>
Net position - December 31, 2014 (as restated)	<u>\$ 63,919,399</u>	<u>\$ 67,882,333</u>	<u>\$ 30,478,131</u>	<u>\$ 15,887,535</u>	<u>\$ 21,516,667</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF VERONA

This report contains the Community Development Authority of the City of Verona (CDA), which is included as a component unit.

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

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
LGIP	\$ 873,719	\$ 873,719	Credit
Total Deposits and Investments	<u>\$ 873,719</u>	<u>\$ 873,719</u>	

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The CDA had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note I.D.1. for further information on deposit and investment policies.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT (cont.)

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF VERONA (cont.)

c. Long-Term Obligations

The Community Development Authority (CDA) of the City of Verona has outstanding lease revenue bonds. The CDA agrees to maintain a reserve account for each lease revenue bond issue equal to the least of (a) 10% of the principal amount of the bonds, (b) maximum annual debt service on the bonds, and (c) 125% of average annual debt service on the bonds. If, during the leasehold terms, the amount on deposit in the reserve accounts for the bonds fall below the respective reserve requirement, the city agrees to pay additional monthly rent payments to the CDA to make the amount on deposit in the reserve account equal to the applicable reserve requirements. Upon full and final payment of all bonds, the leases shall terminate and title to the leased property shall be transferred to the city. The bonds are limited obligations of the CDA payable by it solely from the revenues and income derived by the CDA pursuant to the terms of the lease. The bonds shall never be considered a general obligation of the CDA or the city.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Lease revenue bonds	\$ 5,910,000	\$ -	\$ 980,000	\$ 4,930,000	\$ 795,000
Totals	\$ 5,910,000	\$ -	\$ 980,000	\$ 4,930,000	\$ 795,000

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2016	\$ 795,000	\$ 243,509	\$ 1,038,509
2017	830,000	205,994	1,035,994
2018	650,000	171,457	821,457
2019	675,000	138,238	813,238
2020	690,000	103,550	793,550
2021-2022	1,290,000	99,372	1,389,372
Totals	\$ 4,930,000	\$ 962,120	\$ 5,892,120

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

Pension. 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.

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, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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 occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$357,875 in contributions from the city.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the city reported an asset of \$898,400 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 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, 2014, the city's proportion was 0.03657574%, which was an increase of 0.00066674% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$321,927.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,240	\$ -
Net differences between projected and actual earnings on pension plan investments	435,049	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	20,996
Employer contributions subsequent to the measurement date	366,842	-
Totals	\$ 932,131	\$ 20,996

\$366,842 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 138,455	\$ 4,787
2017	138,455	4,787
2018	138,455	4,787
2019	138,455	4,787
2020	11,469	1,848

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the city's proportionate share of the net pension asset to changes in the discount rate. The following presents the city's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension asset	\$(2,534,542)	\$898,400	\$3,609,599

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

**Wisconsin Municipal Insurance Commission (WMIC)
Cities and Villages Mutual Insurance Company (CVMIC)**

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The city's share of such losses is less than 1%.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC) (cont.)

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The city does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate for outstanding losses and incurred but not reported losses is recorded in CVMIC's balance sheet in liability reserves. The amount related to the city is \$0.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the city is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The city has active construction projects as of December 31, 2015. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Developer Agreements

TIF No. 7

In 2006, the city issued a tax increment bond as part of a development agreement. The amount of the obligation was \$9,000,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 7. Amounts paid by the city to the developer are based upon the tax increments collected by the city during the calendar year, less the amount of tax increments used to pay debt service on the obligations issued by the city for the public improvements, any city contributions, and any other eligible project costs in connection with the development.

Payments are scheduled through the year 2025, and carry an interest rate of 3.85%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$4,500,000.

TIF No. 4

In 2006, the city issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$1,000,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 4.

Payments are scheduled through the year 2023, and carry an interest rate of 7.5%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$208,695.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

TIF No. 6

In 2011, the city amended an agreement originally entered into during 2008, regarding the development of property within the Verona Technology Park located in TIF District No. 6. The agreement allows payments from the city to the developer based on the parcel improvement value excluding personal property each year through tax year 2016, payable in 2017. The payments are calculated from a formula based upon an \$8,000,000 target improvement value. If the improvement value is less, reduced developer payments are made by the city. Any payments made are from tax increments generated within the same TIF district. During 2015 the city made a payment in the amount of \$116,238. Since the payments are contingent upon the value of parcel value identified with the agreement, the obligation is not reported as a liability in the accompanying financial statements.

In 2015, the city entered into an agreement with a developer to provide an economic incentive payment in the amount of \$700,000, contingent upon the developer acquiring the property by July 1, 2015 and achieving 85% completion of the project on or before June 30, 2016. The payment by the city will be considered a "project cost" of TIF No. 6 and will be financed with the State Trust Fund loan issued on October 20, 2015. If future payments on the State Trust Fund loan exceed the incremental tax revenue generated from the property, then the developer shall be required to make a short fall payment for the difference.

D. JOINT VENTURES

Emergency Medical Services District

The City of Verona, the City of Fitchburg, and the Town of Verona jointly operate the local EMS District, which is called the Fitch-Rona EMS District and provides emergency medical services. The communities share in the annual operation of the district based on the most recent equalized value of each municipality in the district. The governing body is made up of three citizens from each community. Local representatives are appointed by the district's governing bodies. The governing body of the district has the authority to prepare its own budget (which must then be approved by the council or board of the governing bodies) and control the financial affairs of the district. The city made payments of \$348,125 for operating costs to the district for 2015. In addition to payments made by the city to the district, the city and town lease an EMS facility in Verona. The city's share of 2015 lease payments was \$30,973. The city believes that the district will continue to provide services in the future at similar rates. The transactions of the district are not reflected in these financial statements. The city accounts for its share of the operation in the special accounts special revenue fund. Financial information of the district is available directly from the district's office. The city has an equity interest of \$598,316 in the district that is accounted for in the governmental activities.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENTS

On May 23, 2016, the city approved Resolution No. R-16-018 providing for the sale of approximately \$9,890,000 general obligation promissory notes, Series 2016A. The proceeds will be used for various capital projects, including those within TIF No. 4, water and sewer projects, and refunding obligations.

On May 9, 2016, the city approved Resolution No. R-16-017 terminating TIF District No. 7 and authorizing the city treasurer to distribute excess increment to the overlying districts.

The water utility implemented new rates effective March 16, 2016.

F. ECONOMIC DEPENDENCY

Stormwater Utility

The Stormwater Utility has one significant customer who was responsible for 11% of operating revenues in 2015.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VERONA

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
Property	\$ 3,924,838	\$ 3,926,895	\$ 2,057
Use tax penalty	-	88	88
Other taxes	<u>70,000</u>	<u>74,650</u>	<u>4,650</u>
Total Taxes	<u>3,994,838</u>	<u>4,001,633</u>	<u>6,795</u>
INTERGOVERNMENTAL REVENUES			
State aid - shared taxes	132,228	130,909	(1,319)
State expenditure restraint	204,736	204,737	1
State aid - road aid	703,988	702,626	(1,362)
State aid - other public safety	-	3,840	3,840
State aid - exempt computer aid	30,000	36,884	6,884
Other state payments	5,600	236	(5,364)
Payments for municipal services	<u>13,500</u>	<u>13,725</u>	<u>225</u>
Total Intergovernmental Revenues	<u>1,090,052</u>	<u>1,092,957</u>	<u>2,905</u>
PUBLIC CHARGES FOR SERVICES			
Photocopies	-	927	927
Parks	28,500	36,254	7,754
Shelter and rental fees	11,000	6,698	(4,302)
Recreation programs	136,110	143,982	7,872
Swimming areas	16,000	14,407	(1,593)
Fairs, exhibits and celebrations	24,700	18,819	(5,881)
Stadium fees	3,000	1,775	(1,225)
Other public charges for services	<u>47,500</u>	<u>51,173</u>	<u>3,673</u>
Total Public Charges for Services	<u>266,810</u>	<u>274,035</u>	<u>7,225</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	100,000	121,455	21,455
Parking violations	<u>10,000</u>	<u>13,317</u>	<u>3,317</u>
Total Fines, Forfeitures and Penalties	<u>110,000</u>	<u>134,772</u>	<u>24,772</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF VERONA

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance with Final Budget
LICENSES AND PERMITS			
Liquor and malt beverage licenses	\$ 13,000	\$ 15,837	\$ 2,837
Operators' license	4,500	5,930	1,430
Cigarette licenses	800	900	100
Amusement device licenses	5,000	4,800	(200)
Bicycle licenses	-	86	86
Dog licenses	4,500	5,150	650
Building permits	161,212	137,506	(23,706)
Electrical permits	86,697	76,099	(10,598)
Plumbing permits	83,174	77,207	(5,967)
Heating and air conditioning permits	81,124	78,475	(2,649)
Erosion control permits	72,954	52,250	(20,704)
Zoning permits and fees	2,500	8,075	5,575
Plan review fees	111,125	84,639	(26,486)
Other regulatory permits and fees	7,450	9,756	2,306
Total Licenses and Permits	<u>634,036</u>	<u>556,710</u>	<u>(77,326)</u>
INVESTMENT INCOME			
Interest on investments	180,000	230,464	50,464
Unrealized gain on investments	-	26,169	26,169
Total Investment Income	<u>180,000</u>	<u>256,633</u>	<u>76,633</u>
MISCELLANEOUS REVENUES			
Miscellaneous	-	1,042	1,042
Total Revenues	<u>6,275,736</u>	<u>6,317,782</u>	<u>42,046</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Mayor and city council	165,532	125,679	39,853
Municipal court	109,364	105,674	3,690
Administration	618,939	554,754	64,185
General buildings/plant/hall	96,547	88,714	7,833
Other insurance	123,500	123,327	173
Health insurance	32,000	32,000	-
Other general government	-	16,581	(16,581)
Total General Government	<u>1,145,882</u>	<u>1,046,729</u>	<u>99,153</u>
PUBLIC SAFETY			
Police	3,082,334	2,831,782	250,552
Emergency government	33,806	20,949	12,857
Hydrant rental	464,096	464,096	-
Public safety contingency	154,286	56,484	97,802
Total Public Safety	<u>3,734,522</u>	<u>3,373,311</u>	<u>361,211</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF VERONA

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC WORKS			
Highway	\$ 1,171,163	\$ 1,174,626	\$ (3,463)
CULTURE, RECREATION AND EDUCATION			
Parks	475,389	479,215	(3,826)
Recreation programs and events	68,700	75,008	(6,308)
Recreation administration	146,422	148,121	(1,699)
Recreation facilities	19,675	17,491	2,184
Swimming areas	28,400	30,997	(2,597)
Total Culture, Recreation and Education	<u>738,586</u>	<u>750,832</u>	<u>(12,246)</u>
CONSERVATION AND DEVELOPMENT			
Building Inspection	252,438	244,611	7,827
Planning	129,409	133,265	(3,856)
Tourism/city beautification	12,000	7,987	4,013
Total Conservation and Development	<u>393,847</u>	<u>385,863</u>	<u>7,984</u>
 Total Expenditures	 <u>7,184,000</u>	 <u>6,731,361</u>	 <u>452,639</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(908,264)</u>	 <u>(413,579)</u>	 <u>494,685</u>
OTHER FINANCING SOURCES			
Debt issued	83,264	-	(83,264)
Transfers in - utility PILOT	625,000	677,292	52,292
Total Other Financing Sources	<u>708,264</u>	<u>677,292</u>	<u>(30,972)</u>
 Net Change in Fund Balance	 (200,000)	 263,713	 463,713
 FUND BALANCE - Beginning of Year	 <u>2,626,232</u>	 <u>2,626,232</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 2,426,232</u>	 <u>\$ 2,889,945</u>	 <u>\$ 463,713</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF VERONA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL ACCOUNTS SPECIAL REVENUE FUND
 For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
TAXES			
Property	\$ 377,070	\$ 377,070	\$ -
Public accommodation (room) taxes	<u>170,000</u>	<u>174,184</u>	<u>4,184</u>
Total Taxes	<u>547,070</u>	<u>551,254</u>	<u>4,184</u>
INTERGOVERNMENTAL			
Department of transportation aid	210,000	228,348	18,348
Metro transit grant	<u>100,000</u>	<u>100,770</u>	<u>770</u>
Total Intergovernmental	<u>310,000</u>	<u>329,118</u>	<u>19,118</u>
MISCELLANEOUS			
Donations	<u>-</u>	<u>3,056,877</u>	<u>3,056,877</u>
Total Revenues	<u>857,070</u>	<u>3,937,249</u>	<u>3,080,179</u>
EXPENDITURES			
PUBLIC SAFETY			
Police	-	25,977	(25,977)
Ambulance	377,070	379,098	(2,028)
Fire	<u>-</u>	<u>172</u>	<u>(172)</u>
Total Public Safety	<u>377,070</u>	<u>405,247</u>	<u>(28,177)</u>
PUBLIC WORKS			
Mass transit	<u>310,000</u>	<u>329,118</u>	<u>(19,118)</u>
HEALTH AND HUMAN SERVICES			
Social services	<u>-</u>	<u>30,967</u>	<u>(30,967)</u>
CULTURE, RECREATION AND EDUCATION			
Library	<u>-</u>	<u>25</u>	<u>(25)</u>
ECONOMIC DEVELOPMENT			
Economic development	<u>170,000</u>	<u>174,184</u>	<u>(4,184)</u>
CAPITAL OUTLAY			
Land acquisition	<u>-</u>	<u>2,991,940</u>	<u>(2,991,940)</u>
Total Expenditures	<u>857,070</u>	<u>3,931,481</u>	<u>(3,074,411)</u>
Net Change in Fund Balance	-	5,768	5,768
FUND BALANCE - Beginning of Year	<u>242,502</u>	<u>242,502</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 242,502</u>	<u>\$ 248,270</u>	<u>\$ 5,768</u>

See accountants' report and accompanying notes to required supplementary information.

CITY OF VERONA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.03657574%	\$ 898,400	\$ 4,286,287	20.96%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 366,842	\$ 366,842	\$ -	\$ 4,593,045	7.99%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF VERONA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF VERONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

	Special Revenue Funds		
	Senior Citizens Center	Refuse and Recycling	Forestry
ASSETS			
Cash and investments	\$ 92,497	\$ 129,661	\$ 44,152
Receivables			
Taxes	389,876	629,136	7,500
Accounts	119	8	116
Promissory notes	-	-	-
Due from component units	-	-	-
Due from other governments	-	1,483	-
	-	1,483	-
TOTAL ASSETS	\$ 482,492	\$ 760,288	\$ 51,768
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 11,814	\$ 48,724	\$ -
Accrued liabilities	5,477	1,101	-
Total Liabilities	17,291	49,825	-
Deferred Inflows of Resources			
Unavailable revenues	-	1,483	-
Unearned revenues	389,876	629,136	7,500
Total Deferred Inflows of Resources	389,876	630,619	7,500
Fund Balances			
Restricted	-	-	-
Committed	75,325	79,844	44,268
Total Fund Balances	75,325	79,844	44,268
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 482,492	\$ 760,288	\$ 51,768

Special Revenue Funds					Debt Service Fund	Capital Project Funds
Cable Franchise	Impact Fees	Library	Economic Development Commission	Fire Department	TIF District No. 5	Revolving Funds
\$ 394,576	\$ 2,375,735	\$ 402,749	\$ 256,885	\$ 539,635	\$ 235,099	\$ 706,790
-	-	1,216,266	-	1,071,197	-	280,000
32,813	-	-	-	4,292	-	-
-	-	-	-	-	-	-
-	-	-	-	-	106,000	-
-	-	-	-	-	-	-
<u>\$ 427,389</u>	<u>\$ 2,375,735</u>	<u>\$ 1,619,015</u>	<u>\$ 256,885</u>	<u>\$ 1,615,124</u>	<u>\$ 341,099</u>	<u>\$ 986,790</u>
\$ 1,600	\$ -	\$ 35,853	\$ -	\$ 54,461	\$ -	\$ 15,173
1,552	-	22,058	-	20,097	-	-
<u>3,152</u>	<u>-</u>	<u>57,911</u>	<u>-</u>	<u>74,558</u>	<u>-</u>	<u>15,173</u>
-	-	-	-	-	-	-
-	-	1,216,266	-	1,071,197	-	280,000
-	-	1,216,266	-	1,071,197	-	280,000
-	2,375,735	344,838	-	-	341,099	-
424,237	-	-	256,885	469,369	-	691,617
<u>424,237</u>	<u>2,375,735</u>	<u>344,838</u>	<u>256,885</u>	<u>469,369</u>	<u>341,099</u>	<u>691,617</u>
<u>\$ 427,389</u>	<u>\$ 2,375,735</u>	<u>\$ 1,619,015</u>	<u>\$ 256,885</u>	<u>\$ 1,615,124</u>	<u>\$ 341,099</u>	<u>\$ 986,790</u>

CITY OF VERONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

	<u>Capital Project Funds</u>		
	<u>TIF District No. 4</u>	<u>TIF District No. 6</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 1,044,408	\$ 2,326,914	\$ 8,549,101
Receivables			
Taxes	559,084	1,021,513	5,174,572
Accounts	-	-	37,348
Promissory notes	203,149	-	203,149
Due from component units	55,000	99,467	260,467
Due from other governments	-	-	1,483
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,861,641</u>	<u>\$ 3,447,894</u>	<u>\$ 14,226,120</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 7,422	\$ 459	\$ 175,506
Accrued liabilities	-	-	50,285
Total Liabilities	<u>7,422</u>	<u>459</u>	<u>225,791</u>
Deferred Inflows of Resources			
Unavailable revenues	203,149	-	204,632
Unearned revenues	559,084	1,021,513	5,174,572
Total Deferred Inflows of Resources	<u>762,233</u>	<u>1,021,513</u>	<u>5,379,204</u>
Fund Balances			
Restricted	1,091,986	2,425,922	6,579,580
Committed	-	-	2,041,545
Total Fund Balances	<u>1,091,986</u>	<u>2,425,922</u>	<u>8,621,125</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,861,641</u>	<u>\$ 3,447,894</u>	<u>\$ 14,226,120</u>

CITY OF VERONA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Special Revenue Funds		
	Senior Citizens Center	Refuse and Recycling	Forestry
REVENUES			
Taxes	\$ 379,616	\$ 30,667	\$ 7,750
Intergovernmental	300	21,950	-
Public charges for services	44,102	628,632	25,036
Fines, forfeitures and penalties	-	-	-
Licenses and permits	-	-	-
Investment income	-	-	-
Miscellaneous	2,573	498	-
Total Revenues	426,591	681,747	32,786
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	662,053	36,500
Health and human services	387,033	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Principal payments on capital lease	-	-	-
Interest payments on capital lease	-	-	-
Total Expenditures	387,033	662,053	36,500
Excess (deficiency) of revenues over expenditures	39,558	19,694	(3,714)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	-
Premium on debt issued	-	-	-
Sales of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	39,558	19,694	(3,714)
FUND BALANCES - Beginning of Year	35,767	60,150	47,982
FUND BALANCES - END OF YEAR	\$ 75,325	\$ 79,844	\$ 44,268

Special Revenue Funds					Debt Service Fund	Capital Project Funds
Cable Franchise	Impact Fees	Library	Economic Development Commission	Fire Department	TIF District No. 5	Revolving Funds
\$ -	\$ -	\$ 1,153,789	\$ -	\$ 965,246	\$ -	\$ 280,000
-	-	602,126	-	248,195	-	30,450
-	838,699	4,291	-	-	-	-
-	-	32,557	-	-	-	-
127,334	-	-	-	44,070	-	-
-	4,175	-	977	-	606	1,509
-	-	47,884	28,589	8,272	-	21,153
<u>127,334</u>	<u>842,874</u>	<u>1,840,647</u>	<u>29,566</u>	<u>1,265,783</u>	<u>606</u>	<u>333,112</u>
-	-	-	-	948,794	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
73,440	-	1,253,342	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	129,831
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	130,000	-
-	-	-	-	-	14,070	-
<u>73,440</u>	<u>-</u>	<u>1,253,342</u>	<u>-</u>	<u>948,794</u>	<u>144,070</u>	<u>129,831</u>
<u>53,894</u>	<u>842,874</u>	<u>587,305</u>	<u>29,566</u>	<u>316,989</u>	<u>(143,464)</u>	<u>203,281</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,550	-	-
-	-	78,000	-	-	-	-
-	(395,145)	(546,044)	-	-	-	-
-	<u>(395,145)</u>	<u>(468,044)</u>	<u>-</u>	<u>1,550</u>	<u>-</u>	<u>-</u>
53,894	447,729	119,261	29,566	318,539	(143,464)	203,281
<u>370,343</u>	<u>1,928,006</u>	<u>225,577</u>	<u>227,319</u>	<u>150,830</u>	<u>484,563</u>	<u>488,336</u>
<u>\$ 424,237</u>	<u>\$ 2,375,735</u>	<u>\$ 344,838</u>	<u>\$ 256,885</u>	<u>\$ 469,369</u>	<u>\$ 341,099</u>	<u>\$ 691,617</u>

CITY OF VERONA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Capital Project Funds		Total
	TIF District No. 4	TIF District No. 6	Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 489,739	\$ 894,580	\$ 4,201,387
Intergovernmental	3,818	2,945	909,784
Public charges for services	-	-	1,540,760
Fines, forfeitures and penalties	-	-	32,557
Licenses and permits	-	-	171,404
Investment income	7,948	19,706	34,921
Miscellaneous	8,285	154,572	271,826
Total Revenues	509,790	1,071,803	7,162,639
EXPENDITURES			
Current			
Public safety	-	-	948,794
Public works	-	-	698,553
Health and human services	-	-	387,033
Culture, recreation and education	-	-	1,326,782
Conservation and development	98,577	116,238	214,815
Capital Outlay	462,869	321,472	914,172
Debt Service			
Principal	198,388	328,779	527,167
Interest and fiscal charges	40,066	149,434	189,500
Principal payments on capital lease	65,000	225,000	420,000
Interest payments on capital lease	8,838	4,838	27,746
Total Expenditures	873,738	1,145,761	5,654,562
Excess (deficiency) of revenues over expenditures	(363,948)	(73,958)	1,508,077
OTHER FINANCING SOURCES (USES)			
Debt issued	760,000	700,000	1,460,000
Premium on debt issued	16,187	-	16,187
Sales of assets	-	-	1,550
Transfers in	-	-	78,000
Transfers out	-	-	(941,189)
Total Other Financing Sources (Uses)	776,187	700,000	614,548
Net Change in Fund Balances	412,239	626,042	2,122,625
FUND BALANCES - Beginning of Year	679,747	1,799,880	6,498,500
FUND BALANCES - END OF YEAR	\$ 1,091,986	\$ 2,425,922	\$ 8,621,125

CITY OF VERONA

STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2015

	Component Unit - CDA
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 283,507
Net Cash Flows From Operating Activities	<u>283,507</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Lease payments received	980,000
Debt retired	(980,000)
Interest paid	(283,507)
Payment to city for reduction in restricted cash	<u>(290,000)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(573,507)</u>
Net Change in Cash and Cash Equivalents	(290,000)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,163,719</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 873,719</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Restricted cash and investments - statement of net position	<u>\$ 873,719</u>
CASH AND CASH EQUIVALENTS	<u>\$ 873,719</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	