

CITY OF VERONA

Verona, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

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, 2017, 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 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.

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, 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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 Virchow Krause, LLP

Madison, Wisconsin
May 21, 2018

CITY OF VERONA

STATEMENT OF NET POSITION As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS				
Cash and investments	\$ 26,775,890	\$ 4,225,622	\$ 31,001,512	\$ -
Receivables (net)				
Taxes receivable	16,381,527	-	16,381,527	-
Delinquent personal property taxes	15,571	-	15,571	-
Accounts	351,311	1,123,991	1,475,302	-
Special assessments	2,032	7,191	9,223	-
Loans	307,335	-	307,335	-
Other	489,442	-	489,442	-
Due from other governmental units	1,870	2,871	4,741	-
Internal balances	(77,696)	77,696	-	-
Inventories	-	37,928	37,928	-
Prepaid items	203,874	-	203,874	-
Restricted assets				
Cash and investments	2,424,367	2,647,632	5,071,999	-
Other assets	-	305,724	305,724	-
Investment in joint venture	595,282	-	595,282	-
Capital Assets				
Capital assets not being depreciated	29,683,693	3,083,853	32,767,546	-
Other capital assets net of accumulated depreciation	<u>73,545,574</u>	<u>72,110,024</u>	<u>145,655,598</u>	-
Total Assets	<u>150,700,072</u>	<u>83,622,532</u>	<u>234,322,604</u>	-
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	156,109	9,311	165,420	-
Pension related amounts	<u>2,312,511</u>	<u>203,641</u>	<u>2,516,152</u>	-
Total Deferred Outflows of Resources	<u>2,468,620</u>	<u>212,952</u>	<u>2,681,572</u>	-
LIABILITIES				
Accounts payable	1,696,012	361,733	2,057,745	-
Other accrued liabilities	256,295	22,448	278,743	-
Due to other governmental units	45,683	-	45,683	-
Accrued interest	287,617	30,556	318,173	-
Deposits	12,324	-	12,324	-
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	-	345,000	345,000	-
Accrued interest	-	5,367	5,367	-
Noncurrent Liabilities				
Due within one year	5,544,762	490,000	6,034,762	-
Due in more than one year	<u>42,399,086</u>	<u>5,853,954</u>	<u>48,253,040</u>	-
Total Liabilities	<u>50,241,779</u>	<u>7,109,058</u>	<u>57,350,837</u>	-
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	16,321,710	-	16,321,710	-
Unamortized gain on refunding	-	1,456	1,456	-
Pension related amounts	<u>945,063</u>	<u>86,228</u>	<u>1,031,291</u>	-
Total Deferred Inflows of Resources	<u>17,266,773</u>	<u>87,684</u>	<u>17,354,457</u>	-

See accompanying notes to financial statements.

	Governmental Activities	Business-type Activities	Totals	Component Unit
NET POSITION				
Net investment in capital assets	\$ 64,822,991	\$ 70,004,525	\$ 132,980,567	\$ -
Restricted for				
Debt service	412,513	783,615	1,196,128	-
TIF activity	2,281,968	-	2,281,968	-
Library	494,281	-	494,281	-
Impact fees	2,424,367	-	2,424,367	-
Equipment replacement	-	101,200	101,200	-
Depreciation	-	427,450	427,450	-
Cemetery	280,764	-	280,764	-
Unrestricted	<u>14,943,256</u>	<u>5,321,952</u>	<u>22,112,157</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 85,660,140</u>	<u>\$ 76,638,742</u>	<u>\$ 162,298,882</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,277,740	\$ 168,536	\$ 19,276	\$ -
Public safety	6,411,108	362,715	164,608	41,422
Health and human services	519,535	43,440	444	1,840,886
Public works	7,048,428	990,004	775,027	5,469,221
Culture, education and recreation	3,093,839	700,104	723,336	165,550
Conservation and development	1,246,757	83,893	3,302	118,604
Interest and fiscal charges	<u>1,077,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>20,675,052</u>	<u>2,348,692</u>	<u>1,685,993</u>	<u>7,635,683</u>
Business-type Activities				
Water Utility	1,681,667	1,964,849	-	1,567,233
Sewer Utility	2,331,680	2,148,187	-	1,081,568
Stormwater Utility	<u>741,835</u>	<u>583,472</u>	<u>-</u>	<u>721,028</u>
Total Business-type Activities	<u>4,755,182</u>	<u>4,696,508</u>	<u>-</u>	<u>3,369,829</u>
Total Primary Government	<u>\$ 25,430,234</u>	<u>\$ 7,045,200</u>	<u>\$ 1,685,993</u>	<u>\$ 11,005,512</u>
Component Unit				
Community Development Authority	<u>\$ 4,908</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
- Gain on sale of capital assets
- Miscellaneous
- Transfers
- Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

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
\$ (1,089,928)	\$ -	\$ (1,089,928)	\$ -
(5,842,363)	-	(5,842,363)	-
1,365,235	-	1,365,235	-
185,824	-	185,824	-
(1,504,849)	-	(1,504,849)	-
(1,040,958)	-	(1,040,958)	-
(1,077,645)	-	(1,077,645)	-
<u>(9,004,684)</u>	<u>-</u>	<u>(9,004,684)</u>	<u>-</u>
-	1,850,415	1,850,415	-
-	898,075	898,075	-
-	<u>562,665</u>	<u>562,665</u>	-
-	<u>3,311,155</u>	<u>3,311,155</u>	-
<u>(9,004,684)</u>	<u>3,311,155</u>	<u>(5,693,529)</u>	-
-	-	-	(4,908)
10,118,626	-	10,118,626	-
2,957,430	-	2,957,430	-
1,728,629	-	1,728,629	-
528,475	-	528,475	-
571,372	-	571,372	-
54,200	-	54,200	-
341,524	41,983	383,507	4,908
16,587	5,719	22,306	-
<u>49,342</u>	-	<u>49,342</u>	-
<u>177,513</u>	<u>(177,513)</u>	<u>-</u>	-
<u>16,543,698</u>	<u>(129,811)</u>	<u>16,413,887</u>	<u>4,908</u>
7,539,014	3,181,344	10,720,358	-
<u>78,121,126</u>	<u>73,457,398</u>	<u>151,578,524</u>	-
<u>\$ 85,660,140</u>	<u>\$ 76,638,742</u>	<u>\$ 162,298,882</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF VERONA

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	Debt Service	Capital Improvement Program
ASSETS			
Cash and investments	\$ 4,228,495	\$ 700,130	\$ 14,898,959
Receivables			
Taxes	5,191,583	3,592,674	797,406
Delinquent personal property tax	15,571	-	-
Accounts	215,874	-	-
Special assessments	2,032	-	-
Promissory notes	-	-	-
Other	75,723	413,719	-
Due from other governments	-	-	-
Due from other funds	37,035	-	-
Advances to other funds	41,479	-	-
Prepaid items	865	-	-
TOTAL ASSETS	\$ 9,808,657	\$ 4,706,523	\$ 15,696,365
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 379,294	\$ -	\$ 629,545
Accrued liabilities	161,494	-	-
Deposits	12,324	-	-
Due to other governments	45,683	-	-
Due to other funds	77,696	-	-
Advances from other funds	-	-	-
Total Liabilities	676,491	-	629,545
Deferred Inflows of Resources			
Unavailable revenues	44,457	413,719	-
Unearned revenues	5,125,227	3,592,674	803,945
Total Deferred Inflows of Resources	5,169,684	4,006,393	803,945
Fund Balances			
Nonspendable	42,344	-	-
Restricted	-	700,130	7,552,528
Committed	-	-	-
Assigned	425,000	-	6,710,347
Unassigned (deficit)	3,495,138	-	-
Total Fund Balances	3,962,482	700,130	14,262,875
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,808,657	\$ 4,706,523	\$ 15,696,365

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 9,238,314	\$ 29,065,898
6,799,864	16,381,527
-	15,571
135,437	351,311
-	2,032
307,335	307,335
-	489,442
1,870	1,870
-	37,035
-	41,479
-	865
<u>\$ 16,482,820</u>	<u>\$ 46,694,365</u>

\$ 687,173	\$ 1,696,012
94,801	256,295
-	12,324
-	45,683
37,035	114,731
<u>41,479</u>	<u>41,479</u>
<u>860,488</u>	<u>2,166,524</u>

1,870	460,046
<u>6,799,864</u>	<u>16,321,710</u>
<u>6,801,734</u>	<u>16,781,756</u>

-	42,344
5,481,380	13,734,038
3,387,936	3,387,936
-	7,135,347
<u>(48,718)</u>	<u>3,446,420</u>
<u>8,820,598</u>	<u>27,746,085</u>

<u>\$ 16,482,820</u>	<u>\$ 46,694,365</u>
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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, 2017

Total Fund Balances - Governmental Funds	\$ 27,746,085
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.	103,229,267
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.	460,046
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,312,511
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(945,063)
The city's investment in the joint venture is not a financial resource and, therefore, is not reported in the funds.	595,282
Internal service funds are reported in the statement of net position as governmental activities.	337,368
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>(48,075,356)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 85,660,140</u>

See accompanying notes to financial statements.

CITY OF VERONA

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

For the Year Ended December 31, 2017

	General	Debt Service	Capital Improvement Program
REVENUES			
Taxes	\$ 5,179,628	\$ 2,957,430	\$ 1,356,742
Intergovernmental	1,303,133	-	-
Public charges for services	284,510	-	108,640
Fines, forfeitures and penalties	131,178	-	-
Licenses and permits	289,767	-	-
Investment income	210,413	-	-
Miscellaneous	16,728	137,906	409,658
Total Revenues	7,415,357	3,095,336	1,875,040
EXPENDITURES			
Current			
General government	1,161,791	-	-
Public safety	3,641,739	-	-
Public works	1,260,841	-	-
Health and human services	-	-	-
Culture, recreation and education	874,343	-	-
Conservation and development	429,947	-	-
Capital Outlay	-	-	4,651,306
Debt Service			
Principal	-	5,825,006	7,174
Interest and fiscal charges	-	1,158,043	4,956
Principal payments on capital lease	-	-	-
Interest payments on capital lease	-	-	-
Total Expenditures	7,368,661	6,983,049	4,663,436
Excess (deficiency) of revenues over expenditures	46,696	(3,887,713)	(2,788,396)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	5,920,000
Premium on debt issued	-	231,006	-
Transfers in	694,045	1,261,882	94,353
Transfers out	-	-	(1,407,462)
Total Other Financing Sources (Uses)	694,045	1,492,888	4,606,891
Net Change in Fund Balances	740,741	(2,394,825)	1,818,495
FUND BALANCES - Beginning of Year	3,221,741	3,094,955	12,444,380
FUND BALANCES - END OF YEAR	\$ 3,962,482	\$ 700,130	\$ 14,262,875

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 5,838,935	\$ 15,332,735
1,475,130	2,778,263
846,854	1,240,004
31,795	162,973
148,899	438,666
108,815	319,228
<u>661,301</u>	<u>1,225,593</u>
<u>9,111,729</u>	<u>21,497,462</u>
419	1,162,210
1,949,086	5,590,825
1,075,897	2,336,738
511,779	511,779
1,710,677	2,585,020
795,586	1,225,533
3,249,891	7,901,197
1,071,777	6,903,957
213,910	1,376,909
210,000	210,000
<u>4,858</u>	<u>4,858</u>
<u>10,793,880</u>	<u>29,809,026</u>
<u>(1,682,151)</u>	<u>(8,311,564)</u>
705,000	6,625,000
-	231,006
846,600	2,896,880
<u>(795,373)</u>	<u>(2,202,835)</u>
<u>756,227</u>	<u>7,550,051</u>
(925,924)	(761,513)
<u>9,746,522</u>	<u>28,507,598</u>
<u>\$ 8,820,598</u>	<u>\$ 27,746,085</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, 2017

Net change in fund balances - total governmental funds	\$	(761,513)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		7,901,197
Some items reported as capital outlay were not capitalized		(3,283,897)
Depreciation is reported in the government-wide financial statements		(2,505,890)
Net book value of capital assets disposed		(96,706)
Contributed capital assets are reported as revenues in the government-wide financial statements.		6,220,714
Capital assets contributed to business-type activities are reported as capital outlay in the fund financial statements.		(516,532)
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.		318,377
<p>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.</p>		
Debt issued		(6,625,000)
Principal repaid		7,113,957
<p>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.</p>		
Change in debt premium		70,062
<p>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.</p>		
Compensated absences		(116,397)
Amortization of the deferred loss on refunding		(43,417)
Accrued interest on debt		46,452
Net pension liability		264,541
Deferred outflows of resources related to pensions		(787,968)
Deferred inflows of resources related to pensions		247,042
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.		65,336
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		28,656
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	7,539,014

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
ASSETS					
Current Assets					
Cash and investments	\$ 2,067,954	\$ 1,245,182	\$ 912,486	\$ 4,225,622	\$ 134,359
Receivables					
Other receivables	370,235	610,767	142,989	1,123,991	-
Due from other governments	1,130	1,418	323	2,871	-
Due from other funds	27,632	42,580	7,484	77,696	-
Inventories	37,928	-	-	37,928	-
Prepaid items	-	-	-	-	203,009
Restricted Assets					
Redemption account	140,190	67,195	-	207,385	-
Total Current Assets	<u>2,645,069</u>	<u>1,967,142</u>	<u>1,063,282</u>	<u>5,675,493</u>	<u>337,368</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	501,278	80,319	-	581,597	-
Depreciation account	377,760	49,690	-	427,450	-
Construction account	600,000	730,000	-	1,330,000	-
Replacement account	-	101,200	-	101,200	-
Capital Assets					
Construction in progress	41,060	66,531	29,694	137,285	-
Property and equipment	41,365,730	21,857,122	30,039,585	93,262,437	-
Less: Accumulated depreciation	(8,337,522)	(4,894,538)	(4,973,785)	(18,205,845)	-
Other Assets					
Deferred special assessments receivable	-	7,191	-	7,191	-
Unamortized investment in interceptor	-	305,724	-	305,724	-
Total Noncurrent Assets	<u>34,548,306</u>	<u>18,303,239</u>	<u>25,095,494</u>	<u>77,947,039</u>	<u>-</u>
Total Assets	<u>37,193,375</u>	<u>20,270,381</u>	<u>26,158,776</u>	<u>83,622,532</u>	<u>337,368</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	4,281	642	4,388	9,311	-
Pension related amounts	115,165	45,467	43,009	203,641	-
Total Deferred Outflows of Resources	<u>119,446</u>	<u>46,109</u>	<u>47,397</u>	<u>212,952</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	\$ 26,172	\$ 321,067	\$ 14,494	\$ 361,733	\$ -
Accrued wages	12,520	6,493	3,435	22,448	-
Accrued interest	16,690	6,309	7,557	30,556	-
Current portion of general obligation debt	200,000	130,000	160,000	490,000	-
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	235,000	110,000	-	345,000	-
Accrued interest	2,339	3,028	-	5,367	-
Total Current Liabilities	<u>492,721</u>	<u>576,897</u>	<u>185,486</u>	<u>1,255,104</u>	<u>-</u>
Noncurrent Liabilities					
Long-Term Debt					
General obligation	2,285,000	1,220,000	945,000	4,450,000	-
Revenue bonds	435,000	725,000	-	1,160,000	-
Compensated absences	49,598	40,337	43,861	133,796	-
Unamortized premium	40,377	24,955	16,875	82,207	-
Net pension liability	15,493	6,754	5,704	27,951	-
Total Noncurrent Liabilities	<u>2,825,468</u>	<u>2,017,046</u>	<u>1,011,440</u>	<u>5,853,954</u>	<u>-</u>
Total Liabilities	<u>3,318,189</u>	<u>2,593,943</u>	<u>1,196,926</u>	<u>7,109,058</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unamortized gain on refunding	-	-	1,456	1,456	-
Pension related amounts	48,069	18,937	19,222	86,228	-
Total Deferred Inflows of Resources	<u>48,069</u>	<u>18,937</u>	<u>20,678</u>	<u>87,684</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	30,478,172	15,549,802	23,976,551	70,004,525	-
Restricted for					
Debt service	639,129	144,486	-	783,615	-
Equipment replacement	-	101,200	-	101,200	-
Depreciation	377,760	49,690	-	427,450	-
Unrestricted	<u>2,451,502</u>	<u>1,858,432</u>	<u>1,012,018</u>	<u>5,321,952</u>	<u>337,368</u>
TOTAL NET POSITION	<u>\$ 33,946,563</u>	<u>\$ 17,703,610</u>	<u>\$ 24,988,569</u>	<u>\$ 76,638,742</u>	<u>\$ 337,368</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, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
OPERATING REVENUES					
Charges for services	\$ 1,960,038	\$ 2,144,703	\$ 580,445	\$ 4,685,186	\$ 1,417,352
Total Operating Revenues	<u>1,960,038</u>	<u>2,144,703</u>	<u>580,445</u>	<u>4,685,186</u>	<u>1,417,352</u>
OPERATING EXPENSES					
Operation and maintenance	675,272	1,823,075	323,076	2,821,423	-
Depreciation	852,003	406,279	390,191	1,648,473	-
Amortization expense	-	33,969	-	33,969	-
Insurance services	-	-	-	-	1,388,696
Total Operating Expenses	<u>1,527,275</u>	<u>2,263,323</u>	<u>713,267</u>	<u>4,503,865</u>	<u>1,388,696</u>
Operating Income (Loss)	<u>432,763</u>	<u>(118,620)</u>	<u>(132,822)</u>	<u>181,321</u>	<u>28,656</u>
NONOPERATING REVENUES (EXPENSES)					
Interest expense	(88,279)	(56,484)	(23,157)	(167,920)	-
Amortization	4,811	3,484	3,027	11,322	-
Investment income	21,403	13,087	7,493	41,983	-
Debt issuance cost	(9,773)	(11,873)	(5,411)	(27,057)	-
Gain on sale of capital asset	1,932	3,787	-	5,719	-
Loss on impaired asset	(56,340)	-	-	(56,340)	-
Total Nonoperating Revenues (Expenses)	<u>(126,246)</u>	<u>(47,999)</u>	<u>(18,048)</u>	<u>(192,293)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>306,517</u>	<u>(166,619)</u>	<u>(150,870)</u>	<u>(10,972)</u>	<u>28,656</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	1,567,233	1,081,568	721,028	3,369,829	-
Capital contributions - municipal	349,268	42,942	124,322	516,532	-
Transfers out	(694,045)	-	-	(694,045)	-
Total Contributions and Transfers	<u>1,222,456</u>	<u>1,124,510</u>	<u>845,350</u>	<u>3,192,316</u>	<u>-</u>
Change in Net Position	1,528,973	957,891	694,480	3,181,344	28,656
NET POSITION - Beginning of Year	<u>32,417,590</u>	<u>16,745,719</u>	<u>24,294,089</u>	<u>73,457,398</u>	<u>308,712</u>
NET POSITION - END OF YEAR	<u>\$ 33,946,563</u>	<u>\$ 17,703,610</u>	<u>\$ 24,988,569</u>	<u>\$ 76,638,742</u>	<u>\$ 337,368</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	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	\$ 1,456,674	\$ 1,985,896	\$ 576,845	\$ 4,019,415	\$ 1,417,352
Received from city for services	478,019	-	-	478,019	-
Paid to suppliers for goods and services	(397,695)	(1,650,562)	(158,103)	(2,206,360)	(1,373,860)
Paid to employees for services	(255,495)	(144,872)	(100,438)	(500,805)	-
Net Cash Flows From Operating Activities	<u>1,281,503</u>	<u>190,462</u>	<u>318,304</u>	<u>1,790,269</u>	<u>43,492</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	21,403	13,087	7,493	41,983	-
Net Cash Flows From Investing Activities	<u>21,403</u>	<u>13,087</u>	<u>7,493</u>	<u>41,983</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(694,045)	-	-	(694,045)	-
Net Cash Flows From Noncapital Financing Activities	<u>(694,045)</u>	<u>-</u>	<u>-</u>	<u>(694,045)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from debt issue	605,000	735,000	335,000	1,675,000	-
Debt retired	(588,650)	(210,000)	(125,000)	(923,650)	-
Interest paid	(91,448)	(55,434)	(21,450)	(168,332)	-
Debt issuance costs and bond premium	1,021	1,239	558	2,818	-
Acquisitions and construction of capital assets	(226,172)	(182,584)	(417,518)	(826,274)	-
Capital contributions received	68,799	143,064	-	211,863	-
Salvage on retirement of plant	29,578	25,931	-	55,509	-
Net Cash Flows From Capital and Related Financing Activities	<u>(201,872)</u>	<u>457,216</u>	<u>(228,410)</u>	<u>26,934</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	406,989	660,765	97,387	1,165,141	43,492
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,280,193</u>	<u>1,612,821</u>	<u>815,099</u>	<u>5,708,113</u>	<u>90,867</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,687,182</u>	<u>\$ 2,273,586</u>	<u>\$ 912,486</u>	<u>\$ 6,873,254</u>	<u>\$ 134,359</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)	\$ 432,763	\$ (118,620)	\$ (132,822)	\$ 181,321	\$ 28,656
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	852,003	406,279	390,191	1,648,473	-
Depreciation charged to other funds	47,000	-	-	47,000	-
Amortization	-	33,969	-	33,969	-
Discontinued prelim survey and investigation	-	-	47,771	47,771	-
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Accounts receivable	(20,786)	(144,521)	(2,654)	(167,961)	-
Other accounts receivable	(47,699)	-	-	(47,699)	-
Due from other funds	(3,860)	(14,286)	(946)	(19,092)	-
Materials and supplies	(3,379)	-	-	(3,379)	-
Prepayments	360	-	-	360	18,300
Accounts payable	(6,113)	10,963	3,889	8,739	(3,464)
Other current liabilities	10,048	6,945	5,617	22,610	-
Pension related deferrals and assets	21,166	9,733	7,258	38,157	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,281,503	\$ 190,462	\$ 318,304	\$ 1,790,269	\$ 43,492
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments	\$ 2,067,954	\$ 1,245,182	\$ 912,486	\$ 4,225,622	\$ 134,359
Restricted cash and investments					
Redemption account	140,190	67,195	-	207,385	-
Reserve account	501,278	80,319	-	581,597	-
Depreciation account	377,760	49,690	-	427,450	-
Construction account	600,000	730,000	-	1,330,000	-
Replacement account	-	101,200	-	101,200	-
CASH AND CASH EQUIVALENTS	\$ 3,687,182	\$ 2,273,586	\$ 912,486	\$ 6,873,254	\$ 134,359
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Developer financed additions to utility plant	\$ 1,500,746	\$ 871,297	\$ 721,028		
TIF financed additions to utility plant	\$ 349,268	\$ 42,942	\$ 124,322		
Deferred special assessments written off	\$ (2,312)	\$ (14,044)	\$ -		
Loss on impairment	\$ (56,340)	\$ -	\$ -		
Capital contributions receivable	\$ -	\$ 81,254	\$ -		

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 15,884,232
Taxes receivable	<u>27,347,617</u>
TOTAL ASSETS	<u>\$ 43,231,849</u>
LIABILITIES	
Due to other governments	<u>\$ 43,231,849</u>
TOTAL LIABILITIES	<u>\$ 43,231,849</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, 2017

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, 2017

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.H. 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, 2017. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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.

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements (cont.)

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.
- 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.

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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 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	Impact Fees
Refuse and Recycling	Library
Forestry	Economic Development Commission
Cable Franchise	Fire Department
Cemetery	Special Accounts

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. 7
TIF District No. 4	TIF District No. 8
TIF District No. 6	TIF District No. 9

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

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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.

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements (cont.)

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.

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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.)

- 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 methods and inputs as outlined in Note IV. A. 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.

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, 2017, 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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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 - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

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.

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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.)

3. Inventories and Prepaid Items (cont.)

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 general capital assets 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 acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No 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 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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

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.

\$305,724 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.

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, 2017, are determined on the basis of current salary rates and include salary related payments.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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, accrued compensated absences, and the net pension liability.

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.

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 \$5,290,000, 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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 64,822,991	\$ 70,004,525	\$ (1,846,949)	\$ 132,980,567
Unrestricted	14,943,256	5,321,952	1,846,949	22,112,157

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

- 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.

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 \$3,495,138, or 40% of 2018 budgeted general fund expenditures.

See Note IV. G. for further information.

12. Pension

For purposes of measuring the net pension asset (liability), 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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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.)

13. Basis for Existing Rates

Water Utility

Current water rates were approved by the PSCW effective March 16, 2016.

Sewer Utility

Current sewer rates were approved by the city council effective July 1, 2016.

Stormwater Utility

Current stormwater rates were approved by the city council effective January 1, 2017.

14. Water Loss on Impairment

During 2017, the service utility of certain distribution assets became impaired as a result of the construction of new facilities which replaced the assets prior to the end of their intended useful life. The financial statements for the water utility include an impairment loss of \$56,340.

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	\$	11,669,049
Right of way		15,679,037
Land improvements		1,316,012
Buildings		29,702,281
Machinery and equipment		10,101,665
Infrastructure		52,567,921
Construction in progress		2,335,607
Cemetery Land		1,840,886
Less: Internal service fund capital assets, net of depreciation		<u>(21,983,191)</u>
Combined Adjustment for Capital Assets	\$	<u><u>103,229,267</u></u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

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

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	\$	(46,323,567)
Compensated absences		(905,267)
Accrued interest		(287,617)
Unamortized premium on debt		(426,001)
Unamortized loss on refunding		156,109
Net pension liability		<u>(289,013)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>(48,075,356)</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt service fund	\$ 6,924,543	\$ 6,983,049	\$ 58,506
Impact fees	309,249	339,249	30,000
Special accounts	310,000	1,137,026	827,026
Library	1,637,600	1,929,467	291,867
TIF District No. 4	1,504,977	2,967,492	1,462,515
TIF District No. 8	-	22,331	22,331
TIF District No. 9	-	22,849	22,849
TIF District No. 5	-	198,003	198,003

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF District No. 4	\$ 3,538	Expenditures exceeded revenues.
TIF District No. 8	22,331	Expenditures exceeded revenues.
TIF District No. 9	22,849	Expenditures exceeded revenues.

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

C. 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.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the city's funds.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 21,126,678	\$ 21,330,739	Custodial credit
US agencies - explicitly guaranteed	604,860	604,860	Custodial credit and interest rate
US agencies - implicitly guaranteed	18,660,930	18,660,930	Credit, custodial credit, concentration of credit, and interest rate
US treasuries	578,754	578,754	Custodial credit and interest rate
LGIP	<u>10,986,521</u>	<u>10,986,521</u>	Credit
 Total Deposits and Investments	 <u>\$ 51,957,743</u>	 <u>\$ 52,161,804</u>	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 31,001,512		
Restricted cash and investments	5,071,999		
Per statement of assets and liabilities - agency fund			
Agency Fund	<u>15,884,232</u>		
 Total Deposits and Investments	 <u>\$ 51,957,743</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, 2017

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. \$1,500,000 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.

The city maintains collateral agreements with its banks. At December 31, 2017, the banks had pledged various government securities in the amount of \$6,211,905 to secure the city's deposits.

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
US treasuries	\$ 578,754	\$ -	\$ -	\$ 578,754
US agencies - implicitly guaranteed	-	18,660,930	-	18,660,930
US agencies - explicitly guaranteed	-	604,860	-	604,860
Total	\$ 578,754	\$ 19,265,790	\$ -	\$ 19,844,544

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.

As of December 31, 2017, \$14,672,964 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,672,964
Total	\$ 14,672,964

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

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, 2017, 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 - FFCEB	AA+	Aaa
U.S. agencies implicitly guaranteed - FHNB	AA+	Aaa
U.S. agencies implicitly guaranteed - SBA	AA+	Aaa

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

Local Government Investment Pool

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.

The city held \$6,206,063 in FHLMC investments at December 31, 2017. This represents 20.13% of their portfolio.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2017, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 to 5	5 to 10+
US agencies-explicit	\$ 604,860	\$ -	\$ -	\$ 604,860
US agencies-implicit	18,660,930	2,856,404	11,378,342	4,426,184
US Treasuries	<u>578,754</u>	<u>578,754</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 19,844,544</u>	<u>\$ 3,435,158</u>	<u>\$ 11,378,342</u>	<u>\$ 5,031,044</u>

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, 2017

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	\$ 15,640,567	\$ -
Delinquent personal property taxes receivable	-	15,571
Omitted taxes	6,208	-
Special charges placed on tax roll	650,250	6,590
Developer deposit	17,404	-
Dog licenses	742	-
Delinquent charges put on the tax roll	-	1,870
Revenues collected in advance	6,539	-
Developer contribution	-	413,719
Accrued Interest	-	22,296
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 16,321,710	 \$ 460,046

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.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

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, 2017

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.

Following is a list of restricted assets at December 31, 2017:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 207,385	\$ 5,367	\$ 202,018
Bond reserve account	581,597	-	581,597
Bond depreciation account	427,450	-	427,450
Construction account	1,330,000	-	n/a
Equipment replacement account	101,200	-	101,200
Total	<u>\$ 2,647,632</u>	<u>\$ 5,367</u>	<u>\$ 1,312,265</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 11,189,584	\$ 479,465	\$ -	\$ 11,669,049
Right of way	15,679,037	-	-	15,679,037
Construction in progress	2,448,256	2,296,655	2,409,304	2,335,607
Total Capital Assets Not Being Depreciated	<u>29,316,877</u>	<u>2,776,120</u>	<u>2,409,304</u>	<u>29,683,693</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ 1,293,073	\$ 22,939	\$ -	\$ 1,316,012
Buildings	29,219,149	483,132	-	29,702,281
Machinery and equipment	9,624,774	891,468	414,577	10,101,665
Streets	34,535,805	4,847,921	679,948	38,703,778
Sidewalks	4,228,907	712,956	50,024	4,891,839
Curb and gutter	7,072,397	515,556	68,573	7,519,380
Street lights	813,116	639,808	-	1,452,924
Cemetery land	-	1,840,886	-	1,840,886
Total Capital Assets Being Depreciated	<u>86,787,221</u>	<u>9,954,666</u>	<u>1,213,122</u>	<u>95,528,765</u>
Total Capital Assets	<u>116,104,098</u>	<u>12,730,786</u>	<u>3,622,426</u>	<u>125,212,458</u>
Less: Accumulated depreciation for				
Land improvements	(50,919)	(23,316)	-	(74,235)
Buildings	(5,230,274)	(637,524)	-	(5,867,798)
Machinery and equipment	(4,108,319)	(523,342)	317,871	(4,313,790)
Streets	(8,124,178)	(967,594)	679,948	(8,411,824)
Sidewalks	(931,125)	(97,837)	50,024	(978,938)
Curb and gutter	(1,729,109)	(150,388)	68,573	(1,810,924)
Street lights	(419,793)	(96,909)	-	(516,702)
Cemetery land	-	(8,980)	-	(8,980)
Total Accumulated Depreciation	<u>(20,593,717)</u>	<u>(2,505,890)</u>	<u>1,116,416</u>	<u>(21,983,191)</u>
Net Capital Assets Being Depreciated	<u>66,193,504</u>	<u>7,448,776</u>	<u>96,706</u>	<u>73,545,574</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 95,510,381</u>	<u>\$10,224,896</u>	<u>\$ 2,506,010</u>	<u>\$103,229,267</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 95,324
Public safety	456,561
Health and human services	46,300
Public works	1,502,599
Culture, education, and recreation	404,773
Conservation and development	333
Total Governmental Activities Depreciation Expense	<u>\$ 2,505,890</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	82,104	11,857	52,901	41,060
Total Capital Assets Not Being Depreciated	147,193	11,857	52,901	106,149
Capital assets being depreciated				
Source of supply	886,061	-	-	886,061
Pumping	4,051,172	22,400	7,955	4,065,617
Water treatment	120,145	-	-	120,145
Transmission and distribution	33,149,311	1,957,983	74,161	35,033,133
General	1,185,969	37,400	27,684	1,195,685
Total Capital Assets Being Depreciated	39,392,658	2,017,783	109,800	41,300,641
Total Capital Assets	39,539,851	2,029,640	162,701	41,406,790
Less: Accumulated depreciation for				
Water plant	(7,464,333)	(899,003)	25,814	(8,337,522)
Total Accumulated Depreciation	(7,464,333)	(899,003)	25,814	(8,337,522)
Net Capital Assets Being Depreciated	31,928,325	1,118,780	83,986	32,963,119
Net Water Capital Assets	\$ 32,075,518	\$ 1,130,637	\$ 136,887	\$ 33,069,268

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ 51,279	\$ 15,252	\$ -	\$ 66,531
Total Capital Assets Not Being Depreciated	51,279	15,252	-	66,531
Capital assets being depreciated				
Collection system	19,781,630	914,239	4,396	20,691,473
General	1,123,623	69,709	27,683	1,165,649
Total Capital Assets Being Depreciated	20,905,253	983,948	32,079	21,857,122
Total Capital Assets	20,956,532	999,200	32,079	21,923,653
Less: Accumulated depreciation for				
Sewer plant	(4,498,192)	(406,279)	9,933	(4,894,538)
Total Accumulated Depreciation	(4,498,192)	(406,279)	9,933	(4,894,538)
Net Capital Assets Being Depreciated	16,407,061	577,669	22,146	16,962,584
Net Sewer Capital Assets	\$ 16,458,340	\$ 592,921	\$ 22,146	\$ 17,029,115

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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
Construction in progress	<u>3,166</u>	<u>175,900</u>	<u>149,372</u>	<u>29,694</u>
Total Capital Assets Not Being Depreciated	<u>2,996,646</u>	<u>175,900</u>	<u>149,372</u>	<u>3,023,174</u>
Capital assets being depreciated				
General plant	<u>25,827,032</u>	<u>1,233,334</u>	<u>14,261</u>	<u>27,046,105</u>
Total Capital Assets Being Depreciated	<u>25,827,032</u>	<u>1,233,334</u>	<u>14,261</u>	<u>27,046,105</u>
Total Capital Assets	<u>28,823,678</u>	<u>1,409,234</u>	<u>163,633</u>	<u>30,069,279</u>
Less: Accumulated depreciation for				
Stormwater plant	<u>(4,597,855)</u>	<u>(390,191)</u>	<u>14,261</u>	<u>(4,973,785)</u>
Total Accumulated Depreciation	<u>(4,597,855)</u>	<u>(390,191)</u>	<u>14,261</u>	<u>(4,973,785)</u>
Net Capital Assets Being Depreciated	<u>21,229,177</u>	<u>843,143</u>	<u>-</u>	<u>22,072,320</u>
Net Stormwater Capital Assets	<u>\$ 24,225,823</u>	<u>\$ 1,019,043</u>	<u>\$ 149,372</u>	<u>\$ 25,095,494</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 72,759,681</u>	<u>\$ 2,742,601</u>	<u>\$ 308,405</u>	<u>\$ 75,193,877</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ (852,003)
Sewer	(406,279)
Storm	<u>(390,191)</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ (1,648,473)</u>

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, 2017

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Water utility	General	\$ 27,632
Sewer utility	General	42,580
Stormwater utility	General	7,484
General	TIF District No. 4	37,035
Total Internal Balances - Government-Wide Statement of Net Position		114,731
Less: Fund eliminations		(37,035)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 77,696

All amounts are due within one year.

Advances

The general fund is advancing funds to TIF District No. 8 and No. 9. The amount advanced is determined by the amount needed to finance project costs during 2017. The districts 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, 2017 is \$41,479.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	TIF District No. 8	\$ 22,331	\$ -
General fund	TIF District No. 9	19,148	-
Total - Fund Financial Statements		41,479	
Less: Fund eliminations		(41,479)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES 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	\$ 361,771	Debt service
Debt service	Impact fees	284,249	Debt service
Debt service	Capital improvement program	615,862	Debt service
Capital improvement program	TIF 5	16,265	Capital projects
Capital improvement program	TIF 7	78,088	Final distribution after close-out of TID
Library	Impact fees	55,000	Impact fees collection applied to library debt and fire debt
TIF 7	Capital improvement program	791,600	Capital projects from the city's share of the TIF 7 distribution
General	Water utility	<u>694,045</u>	Payment in lieu of taxes
Total - Fund Financial Statements		2,896,880	
Less: Fund eliminations		(2,202,835)	
Less: Transfer utility capital assets to water, sewer and stormwater utilities from governmental activities		<u>(516,532)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 177,513</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, 2017

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 46,407,524	\$ 6,625,000	\$ 6,803,957	\$ 46,228,567	\$ 4,940,717
Revenue bonds	195,000	-	100,000	95,000	95,000
(Discounts)/Premiums	496,063	-	70,062	426,001	-
Sub-totals	<u>47,098,587</u>	<u>6,625,000</u>	<u>6,974,019</u>	<u>46,749,568</u>	<u>5,035,717</u>
Other Liabilities					
Vested compensated absences	788,870	574,248	457,851	905,267	509,045
Capital leases	210,000	-	210,000	-	-
Net pension liability	553,554	-	264,541	289,013	-
Total Other Liabilities	<u>1,552,424</u>	<u>574,248</u>	<u>932,392</u>	<u>1,194,280</u>	<u>509,045</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 48,651,011</u>	<u>\$ 7,199,248</u>	<u>\$ 7,906,411</u>	<u>\$ 47,943,848</u>	<u>\$ 5,544,762</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,858,650	\$ 1,675,000	\$ 593,650	\$ 4,940,000	\$ 490,000
Revenue bonds	1,835,000	-	330,000	1,505,000	345,000
(Discounts)/Premiums	66,542	32,892	17,227	82,207	-
Sub-totals	<u>5,760,192</u>	<u>1,707,892</u>	<u>940,877</u>	<u>6,527,207</u>	<u>835,000</u>
Other Liabilities					
Vested compensated absences	114,964	53,422	34,590	133,796	-
Net pension liability	51,118	-	23,167	27,951	-
Total Other Liabilities	<u>166,082</u>	<u>53,422</u>	<u>57,757</u>	<u>161,747</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 5,926,274</u>	<u>\$ 1,761,314</u>	<u>\$ 998,634</u>	<u>\$ 6,688,954</u>	<u>\$ 835,000</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, 2017, was \$133,492,155. Total general obligation debt outstanding at year end was \$51,168,567.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

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.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
General obligation promissory notes	08/19/2008	08/01/2018	3.00-4.10%	\$ 1,220,000	\$ 190,000
General obligation refunding bonds	05/05/2010	12/01/2019	1.00-3.30%	5,405,000	550,000
General obligation corporate purpose bonds	07/27/2011	06/01/2023	0.90-3.00%	4,040,000	2,920,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	7,220,000	4,850,000
State Trust Fund loan	03/26/2013	03/15/2023	2.75%	75,000	47,380
State Trust Fund loan	08/19/2013	03/15/2023	2.75%	600,000	374,975
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	5,215,000	4,475,000
General obligation promissory notes	06/26/2013	04/01/2023	1.00-2.10%	2,460,000	1,515,000
General obligation corporate purpose bonds	07/16/2014	6/01/2034	2.00-4.00%	8,690,000	7,525,000
General obligation promissory notes	07/22/2015	06/01/2025	2.00-2.50%	4,865,000	3,975,000
General obligation corporate purpose bonds	07/22/2015	06/01/2035	2.00-3.50%	4,765,000	4,550,000
State Trust Fund Loan	10/20/2015	03/15/2023	3.25%	700,000	660,000
State Trust Fund Loan	02/10/2015	03/15/2024	3.50%	386,000	311,212
General obligation promissory notes	07/26/2016	06/01/2026	1.45-2.00%	8,305,000	7,660,000
General obligation promissory notes	07/20/2017	06/01/2027	2.00-2.25%	1,360,000	1,360,000
General obligation corporate purpose bonds	07/20/2017	06/01/2037	3.00-3.15%	5,265,000	<u>5,265,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 46,228,567</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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, 2017</u>
General obligation corporate purpose bonds	07/27/2011	06/01/2021	0.90-2.80%	\$ 560,000	\$ 240,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	1,860,000	1,265,000
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	580,000	465,000
General obligation corporate purpose bonds	07/26/2016	06/01/2026	1.45-2.00%	1,450,000	1,295,000
General Obligation corporate purpose bonds	07/20/2017	06/01/2027	2.00-2.25%	1,675,000	<u>1,675,000</u>
Total Business-type Activities - General Obligation Debt					<u><u>\$ 4,940,000</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>
2018	\$ 4,940,717	\$ 1,201,712	\$ 490,000	\$ 115,225
2019	4,763,926	1,013,254	505,000	91,493
2020	4,667,188	897,015	510,000	79,708
2021	4,750,637	786,344	530,000	68,188
2022	4,669,151	679,164	485,000	57,778
2023-2027	14,321,948	2,071,406	2,110,000	223,667
2028-2032	5,270,000	874,914	310,000	11,201
2033-2037	<u>2,845,000</u>	<u>181,010</u>	-	-
Totals	<u><u>\$ 46,228,567</u></u>	<u><u>\$ 7,704,819</u></u>	<u><u>\$ 4,940,000</u></u>	<u><u>\$ 647,260</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, 2017

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 8.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$96,995. Principal and interest paid for the current year and total customer gross revenues were \$96,322 and \$1,279,602, respectively.

The water and sewer utilities have pledged future utility revenues to repay revenue bonds issued in 2006 and 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 6% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,738,058. Principal and interest paid for the current year and total customer gross revenues were \$401,543 and \$4,415,989, respectively.

Revenue debt payable at December 31, 2017, consists of the following:

Governmental Activities Revenue Debt

Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Revenue refunding bonds	7/1/2006	6/1/2018	4.10-4.50%	\$ 730,000	\$ <u>95,000</u>
Total Governmental Activities - Revenue Debt					\$ <u><u>95,000</u></u>

Business-type Activities Revenue Debt

Water and Sewer Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Revenue bonds	07/01/2006	06/01/2026	4.10-4.50%	\$ 1,615,000	\$ 945,000
Revenue bonds - refunding	07/01/2006	06/01/2020	4.10-4.30%	1,100,000	400,000
Refunding revenue bonds	03/01/2008	06/01/2018	2.90-3.75%	1,340,000	<u>160,000</u>
Total Business-type Activities - Revenue Debt					\$ <u><u>1,505,000</u></u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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
2018	\$ 95,000	\$ 1,995	\$ 345,000	\$ 57,520
2019	-	-	240,000	45,535
2020	-	-	245,000	35,168
2021	-	-	100,000	27,725
2022	-	-	100,000	19,350
2023-2026	-	-	475,000	47,760
Totals	<u>\$ 95,000</u>	<u>\$ 1,995</u>	<u>\$ 1,505,000</u>	<u>\$ 233,058</u>

Other Debt Information

Estimated payments of compensated absences and the net pension liability 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. The net pension liability will be funded by changes in the plan's assets and future contributions.

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.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 11,669,049
Construction in progress	2,335,607
Right of way	15,679,037
Other capital assets, net of accumulated depreciation	73,545,574
Less: Long-term capital debt outstanding, net of unamortized loss	(45,532,803)
Plus: Unspent capital related debt proceeds	7,552,528
Less: Unamortized debt premium	<u>(426,001)</u>
Total Net Investment in Capital Assets	<u>\$ 64,822,991</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvement Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances					
Nonspendable:					
Advances	\$ 41,479	\$ -	\$ -	\$ -	\$ 41,479
Prepaid items	865	-	-	-	865
Sub-total	<u>42,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,344</u>
Restricted for:					
Debt service	-	700,130	-	-	700,130
Capital projects	-	-	7,552,528	-	7,552,528
Library purposes	-	-	-	494,281	494,281
TIF activities	-	-	-	2,281,968	2,281,968
Library facilities	-	-	-	338,319	338,319
Police facilities	-	-	-	1,122,817	1,122,817
Fire facilities	-	-	-	963,231	963,231
Cemetery	-	-	-	280,764	280,764
Sub-total	<u>-</u>	<u>700,130</u>	<u>7,552,528</u>	<u>5,481,380</u>	<u>13,734,038</u>
Committed to:					
Senior citizen activities and services	-	-	-	73,813	73,813
Refuse and recycling	-	-	-	122,821	122,821
Urban forestry programs	-	-	-	49,851	49,851
Cable operations	-	-	-	506,307	506,307
Tourism	-	-	-	156,224	156,224
Crime prevention	-	-	-	20,737	20,737
Fire and EMS	-	-	-	492,285	492,285
Council activities	-	-	-	100	100
EPIC grant activities	-	-	-	139,928	139,928
Equipment replacement	-	-	-	1,072,991	1,072,991
Economic development	-	-	-	752,879	752,879
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,387,936</u>	<u>3,387,936</u>
Assigned to:					
Subsequent year's budget	200,000	-	-	-	200,000
Compensated absences payouts	225,000	-	-	-	225,000
Capital projects	-	-	6,710,347	-	6,710,347
Sub-total	<u>425,000</u>	<u>-</u>	<u>6,710,347</u>	<u>-</u>	<u>7,135,347</u>
Unassigned (deficit):	<u>3,495,138</u>	<u>-</u>	<u>-</u>	<u>(48,718)</u>	<u>3,446,420</u>
Total Fund Balances (Deficit)	<u>\$ 3,962,482</u>	<u>\$ 700,130</u>	<u>\$ 14,262,875</u>	<u>\$ 8,820,598</u>	<u>\$ 27,746,085</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Construction in progress	\$ 137,285
Other capital assets, net of accumulated depreciation	75,056,592
Less: Long-term debt outstanding	(5,610,000)
Plus: Unspent capital related debt proceeds	1,330,000
Plus: Unamortized gain on refunding	(1,456)
Plus: Unamortized loss on refunding	9,311
Less: Unamortized premium	(82,207)
Less: Current portion of debt outstanding	<u>(835,000)</u>
Total Net Investment in Capital Assets	<u>\$ 70,004,525</u>

H. 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

The CDA did not hold any deposits or investments at December 31, 2017,

c. Long-Term Obligations

The Community Development Authority (CDA) of the City of Verona had outstanding lease revenue bonds. 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 solely from the revenues and income derived by the CDA pursuant to the terms of the lease. The bonds were never considered a general obligation of the CDA or the city. The bonds were paid in full during 2017.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

H. COMPONENT UNIT (cont.)

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

c. Long-Term Obligations (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Lease revenue bonds	\$ 210,000	\$ -	\$ 210,000	\$ -	\$ -
Totals	\$ 210,000	\$ -	\$ 210,000	\$ -	\$ -

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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.

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

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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
2015	2.9	2
2016	0.5	(5)

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$388,524 in contributions from the city.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the city reported a liability of \$316,964 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the city's proportion was 0.03845535%, which was an increase of 0.00124430% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of \$800,693.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, 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	\$ 120,858	\$ 996,824
Changes in assumptions	331,398	-
Net differences between projected and actual earnings on pension plan investments	1,577,746	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	34,467
Employer contributions subsequent to the measurement date	486,150	-
Totals	\$ 2,516,152	\$ 1,031,291

\$486,150 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, 2018. 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
2018	\$ 738,569	\$ 329,469
2019	738,567	329,469
2020	605,003	326,530
2021	(52,688)	45,670
2022	551	153

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
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% - 5.6%
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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.24	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 3.78%. 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.

Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 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 liability (asset)	\$4,169,863	\$316,964	\$(2,649,943)

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

At December 31, 2017, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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%

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Developer Agreements

TIF No. 4

In 2006, the city issued a municipal revenue obligation as part of a development agreement with KB Verona Main, LLC. 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 \$6,671.

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. 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 2017 the city made a payment in the amount of \$135,171. 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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

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 \$534,756 for operating and capital costs to the district for 2017. In addition to payments made by the city to the district, the city and town lease an EMS facility in Verona. 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 \$595,282 in the district that is accounted for in the governmental activities.

E. SUBSEQUENT EVENTS

The sewer utility enacted a rate increase on January 1, 2018 in conjunction with a purchased treatment clause, which automatically adjusts rates for changes in purchased treatment charges.

The 2015 State Trust Fund loan was paid off in advance of repayment schedule utilizing debt service fund balance.

F. ECONOMIC DEPENDENCY

Stormwater Utility

The Stormwater Utility has one significant customer who was responsible for 16% of operating revenues in 2017.

City of Verona

The City of Verona has a significant taxpayer who was responsible for 21% of the tax levy for 2017.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
Property	\$ 5,024,822	\$ 5,014,533	\$ (10,289)
Use tax penalty	-	9,361	9,361
Other taxes	<u>155,000</u>	<u>155,734</u>	<u>734</u>
Total Taxes	<u>5,179,822</u>	<u>5,179,628</u>	<u>(194)</u>
INTERGOVERNMENTAL REVENUES			
Federal aid - law enforcement	-	3,086	3,086
State aid - shared taxes	132,351	132,796	445
State expenditure restraint	227,517	227,518	1
State aid - road aid	754,783	753,150	(1,633)
State aid - exempt computer aid	80,000	161,357	81,357
Other state payments	-	285	285
Payments for municipal services	<u>26,000</u>	<u>24,941</u>	<u>(1,059)</u>
Total Intergovernmental Revenues	<u>1,220,651</u>	<u>1,303,133</u>	<u>82,482</u>
PUBLIC CHARGES FOR SERVICES			
Photocopies	-	1,661	1,661
Parks	38,000	38,620	620
Shelter and rental fees	7,500	6,825	(675)
Recreation programs	151,520	152,827	1,307
Swimming areas	14,400	10,843	(3,557)
Fairs, exhibits and celebrations	22,200	13,261	(8,939)
Stadium fees	2,000	2,194	194
Other public charges for services	<u>64,500</u>	<u>58,279</u>	<u>(6,221)</u>
Total Public Charges for Services	<u>300,120</u>	<u>284,510</u>	<u>(15,610)</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	125,000	112,653	(12,347)
Parking violations	<u>15,000</u>	<u>18,525</u>	<u>3,525</u>
Total Fines, Forfeitures and Penalties	<u>140,000</u>	<u>131,178</u>	<u>(8,822)</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, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	\$ 19,000	\$ 40,854	\$ 21,854
Operators' license	6,800	7,791	991
Cigarette licenses	900	1,100	200
Amusement device licenses	4,800	4,500	(300)
Bicycle licenses	-	66	66
Dog licenses	4,800	5,540	740
Building permits	80,342	82,094	1,752
Electrical permits	49,918	32,888	(17,030)
Plumbing permits	47,444	34,107	(13,337)
Heating and air conditioning permits	46,924	33,423	(13,501)
Erosion control permits	19,336	11,034	(8,302)
Zoning permits and fees	10,000	3,800	(6,200)
Plan review fees	61,120	28,130	(32,990)
Other regulatory permits and fees	7,400	4,440	(2,960)
Total Licenses and Permits	<u>358,784</u>	<u>289,767</u>	<u>(69,017)</u>
INVESTMENT INCOME			
Interest on investments	<u>200,000</u>	<u>210,413</u>	<u>10,413</u>
Total Investment Income	<u>200,000</u>	<u>210,413</u>	<u>10,413</u>
MISCELLANEOUS REVENUES			
Miscellaneous	<u>-</u>	<u>16,728</u>	<u>16,728</u>
Total Revenues	<u>7,399,377</u>	<u>7,415,357</u>	<u>15,980</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Mayor and city council	197,183	165,042	32,141
Municipal court	103,398	121,378	(17,980)
Administration	792,204	622,648	169,556
General buildings/plant/hall	85,920	97,237	(11,317)
Other insurance	140,750	115,486	25,264
Health insurance	40,000	40,000	-
Total General Government	<u>1,359,455</u>	<u>1,161,791</u>	<u>197,664</u>
PUBLIC SAFETY			
Police	3,366,684	3,160,896	205,788
Emergency government	15,920	2,821	13,099
Hydrant rental	464,096	478,022	(13,926)
Public safety contingency	33,000	-	33,000
Total Public Safety	<u>3,879,700</u>	<u>3,641,739</u>	<u>237,961</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, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC WORKS			
Highway	\$ 1,449,745	\$ 1,260,841	\$ 188,904
CULTURE, RECREATION AND EDUCATION			
Parks	604,317	584,581	19,736
Recreation programs and events	78,730	77,523	1,207
Recreation administration	157,782	162,900	(5,118)
Recreation facilities	19,148	15,765	3,383
Swimming areas	32,100	33,574	(1,474)
Total Culture, Recreation and Education	<u>892,077</u>	<u>874,343</u>	<u>17,734</u>
CONSERVATION AND DEVELOPMENT			
Building Inspection	277,012	210,964	66,048
Planning	241,388	184,330	57,058
Tourism/city beautification	25,000	34,653	(9,653)
Total Conservation and Development	<u>543,400</u>	<u>429,947</u>	<u>113,453</u>
 Total Expenditures	 <u>8,124,377</u>	 <u>7,368,661</u>	 <u>755,716</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(725,000)</u>	 <u>46,696</u>	 <u>771,696</u>
OTHER FINANCING SOURCES			
Transfers in - utility PILOT	<u>725,000</u>	<u>694,045</u>	<u>(30,955)</u>
Total Other Financing Sources	<u>725,000</u>	<u>694,045</u>	<u>(30,955)</u>
 Net Change in Fund Balance	 -	 740,741	 740,741
 FUND BALANCE - Beginning of Year	 <u>3,221,741</u>	 <u>3,221,741</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 3,221,741</u>	 <u>\$ 3,962,482</u>	 <u>\$ 740,741</u>

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

CITY OF VERONA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability/(Asset)</u>	<u>Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/17	0.03845535%	\$ 316,964	\$ 4,933,900	6.42%	99.12%
12/31/16	0.03721105%	604,672	4,593,045	13.16%	98.20%
12/31/15	0.03657574%	(898,153)	4,286,287	20.25%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

<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>
12/31/17	\$ 486,150	\$ 486,150	\$ -	\$ 5,357,116	9.07%
12/31/16	388,287	388,287	-	4,933,900	7.87%
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, 2017

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 are as presented in the original budget and no amendments were adopted during the year. 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 department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

The city is required to present the last ten 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, 2017

	Special Revenue Funds		
	Senior Citizens Center	Refuse and Recycling	Forestry
ASSETS			
Cash and investments	\$ 113,609	\$ 168,470	\$ 49,851
Receivables			
Taxes	476,938	660,250	8,000
Accounts	-	-	-
Promissory notes	-	-	-
Due from other governments	-	1,870	-
	<u>\$ 590,547</u>	<u>\$ 830,590</u>	<u>\$ 57,851</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 31,375	\$ 42,700	\$ -
Accrued liabilities	8,421	2,949	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>39,796</u>	<u>45,649</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	-	1,870	-
Unearned revenues	476,938	660,250	8,000
Total Deferred Inflows of Resources	<u>476,938</u>	<u>662,120</u>	<u>8,000</u>
Fund Balances			
Restricted	-	-	-
Committed	73,813	122,821	49,851
Unrestricted (Deficit)	-	-	-
Total Fund Balances	<u>73,813</u>	<u>122,821</u>	<u>49,851</u>
	<u>\$ 590,547</u>	<u>\$ 830,590</u>	<u>\$ 57,851</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

Special Revenue Funds

Cable Franchise	Impact Fees	Library	Economic Development Commission	Fire Department	Special Accounts	Cemetery
\$ 491,683	\$ 2,424,367	\$ 582,660	\$ 487,042	\$ 635,340	\$ 320,822	\$ 281,231
-	-	1,119,942	-	1,281,883	431,499	-
36,840	-	-	-	1,242	97,355	-
-	-	-	265,837	-	-	-
-	-	-	-	-	-	-
<u>\$ 528,523</u>	<u>\$ 2,424,367</u>	<u>\$ 1,702,602</u>	<u>\$ 752,879</u>	<u>\$ 1,918,465</u>	<u>\$ 849,676</u>	<u>\$ 281,231</u>
\$ 20,164	\$ -	\$ 53,549	\$ -	\$ 108,642	\$ 90,294	\$ 467
2,052	-	34,830	-	46,549	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>22,216</u>	<u>-</u>	<u>88,379</u>	<u>-</u>	<u>155,191</u>	<u>90,294</u>	<u>467</u>
-	-	-	-	-	-	-
-	-	1,119,942	-	1,281,883	431,499	-
-	-	1,119,942	-	1,281,883	431,499	-
-	-	-	-	-	-	-
-	2,424,367	494,281	-	-	-	280,764
506,307	-	-	752,879	481,391	327,883	-
-	-	-	-	-	-	-
<u>506,307</u>	<u>2,424,367</u>	<u>494,281</u>	<u>752,879</u>	<u>481,391</u>	<u>327,883</u>	<u>280,764</u>
<u>\$ 528,523</u>	<u>\$ 2,424,367</u>	<u>\$ 1,702,602</u>	<u>\$ 752,879</u>	<u>\$ 1,918,465</u>	<u>\$ 849,676</u>	<u>\$ 281,231</u>

CITY OF VERONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Debt Service Fund	Capital Projects Funds	
	TIF District No. 5	Revolving Funds	TIF District No. 4
ASSETS			
Cash and investments	\$ 43,812	\$ 1,128,099	\$ -
Receivables			
Taxes	-	510,000	633,407
Accounts	-	-	-
Promissory notes	-	-	41,498
Due from other governments	-	-	-
TOTAL ASSETS	<u>\$ 43,812</u>	<u>\$ 1,638,099</u>	<u>\$ 674,905</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 43,812	\$ 55,108	\$ 8,001
Accrued liabilities	-	-	-
Due to other funds	-	-	37,035
Advances from other funds	-	-	-
Total Liabilities	<u>43,812</u>	<u>55,108</u>	<u>45,036</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Unearned revenues	-	510,000	633,407
Total Deferred Inflows of Resources	<u>-</u>	<u>510,000</u>	<u>633,407</u>
Fund Balances			
Restricted	-	-	-
Committed	-	1,072,991	-
Unrestricted (Deficit)	-	-	(3,538)
Total Fund Balances	<u>-</u>	<u>1,072,991</u>	<u>(3,538)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 43,812</u>	<u>\$ 1,638,099</u>	<u>\$ 674,905</u>

Capital Projects Funds

<u>TIF District No. 6</u>	<u>TIF District No. 7</u>	<u>TIF District No. 8</u>	<u>TIF District No. 9</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,290,358	\$ 220,970	\$ -	\$ -	\$ 9,238,314
1,677,945	-	-	-	6,799,864
-	-	-	-	135,437
-	-	-	-	307,335
-	-	-	-	1,870
<u>\$ 3,968,303</u>	<u>\$ 220,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,482,820</u>
\$ 8,390	\$ 220,970	\$ -	\$ 3,701	\$ 687,173
-	-	-	-	94,801
-	-	-	-	37,035
-	-	22,331	19,148	41,479
<u>8,390</u>	<u>220,970</u>	<u>22,331</u>	<u>22,849</u>	<u>860,488</u>
-	-	-	-	1,870
<u>1,677,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,799,864</u>
<u>1,677,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,801,734</u>
2,281,968	-	-	-	5,481,380
-	-	-	-	3,387,936
-	-	(22,331)	(22,849)	(48,718)
<u>2,281,968</u>	<u>-</u>	<u>(22,331)</u>	<u>(22,849)</u>	<u>8,820,598</u>
<u>\$ 3,968,303</u>	<u>\$ 220,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,482,820</u>

CITY OF VERONA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

	Special Revenue Funds		
	Senior Citizens Center	Refuse and Recycling	Forestry
REVENUES			
Taxes	\$ 414,837	\$ 14,321	\$ 11,100
Intergovernmental	500	21,877	-
Public charges for services	43,440	673,049	23,105
Fines, forfeitures and penalties	-	-	-
Licenses and permits	-	-	-
Investment income	-	-	-
Miscellaneous	884	283	-
Total Revenues	459,661	709,530	34,205
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	683,537	24,800
Health and human services	482,614	-	-
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	482,614	683,537	24,800
Excess (deficiency) of revenues over expenditures	(22,953)	25,993	9,405
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(22,953)	25,993	9,405
FUND BALANCES - Beginning of Year	96,766	96,828	40,446
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 73,813	\$ 122,821	\$ 49,851

Special Revenue Funds

Cable Franchise	Impact Fees	Library	Economic Development Commission	Fire Department	Special Accounts	Cemetery
\$ -	\$ -	\$ 1,136,836	\$ -	\$ 1,242,365	\$ 780,847	\$ -
-	-	722,836	-	324,182	367,560	-
-	90,084	7,371	-	-	-	9,805
-	-	31,795	-	-	-	-
144,479	-	-	-	4,420	-	-
-	18,636	-	2,879	-	-	2,005
-	-	63,130	-	1,982	82,309	282,084
<u>144,479</u>	<u>108,720</u>	<u>1,961,968</u>	<u>2,879</u>	<u>1,572,949</u>	<u>1,230,716</u>	<u>293,894</u>
-	-	-	-	-	419	-
-	-	-	-	1,486,980	462,106	-
-	-	-	-	-	367,560	-
-	-	-	-	-	16,035	13,130
130,583	-	1,567,696	-	-	12,398	-
-	-	-	-	-	278,508	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>130,583</u>	<u>-</u>	<u>1,567,696</u>	<u>-</u>	<u>1,486,980</u>	<u>1,137,026</u>	<u>13,130</u>
<u>13,896</u>	<u>108,720</u>	<u>394,272</u>	<u>2,879</u>	<u>85,969</u>	<u>93,690</u>	<u>280,764</u>
-	-	-	-	-	-	-
-	-	55,000	-	-	-	-
-	(339,249)	(361,771)	-	-	-	-
-	(339,249)	(306,771)	-	-	-	-
13,896	(230,529)	87,501	2,879	85,969	93,690	280,764
<u>492,411</u>	<u>2,654,896</u>	<u>406,780</u>	<u>750,000</u>	<u>395,422</u>	<u>234,193</u>	<u>-</u>
<u>\$ 506,307</u>	<u>\$ 2,424,367</u>	<u>\$ 494,281</u>	<u>\$ 752,879</u>	<u>\$ 481,391</u>	<u>\$ 327,883</u>	<u>\$ 280,764</u>

CITY OF VERONA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Debt Service Fund	Capital Projects Funds	
	TIF District No. 5	Revolving Funds	TIF District No. 4
REVENUES			
Taxes	\$ -	\$ 510,000	\$ 550,460
Intergovernmental	-	30,938	2,126
Public charges for services	-	-	-
Fines, forfeitures and penalties	-	-	-
Licenses and permits	-	-	-
Investment income	190	8,681	7,270
Miscellaneous	-	25,144	122,147
Total Revenues	<u>190</u>	<u>574,763</u>	<u>682,003</u>
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and human services	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	-	101,097
Capital Outlay	43,813	237,952	2,357,319
Debt Service			
Principal	-	-	370,000
Interest and fiscal charges	-	-	62,143
Principal payments on capital lease	135,000	-	75,000
Interest payments on capital lease	2,925	-	1,933
Total Expenditures	<u>181,738</u>	<u>237,952</u>	<u>2,967,492</u>
Excess (deficiency) of revenues over expenditures	<u>(181,548)</u>	<u>336,811</u>	<u>(2,285,489)</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	705,000
Transfers in	-	-	-
Transfers out	(16,265)	-	-
Total Other Financing Sources (Uses)	<u>(16,265)</u>	<u>-</u>	<u>705,000</u>
Net Change in Fund Balances	(197,813)	336,811	(1,580,489)
FUND BALANCES - Beginning of Year	<u>197,813</u>	<u>736,180</u>	<u>1,576,951</u>
FUND BALANCES (DEFICIT) - END OF YEAR	\$ <u>-</u>	\$ <u>1,072,991</u>	\$ <u>(3,538)</u>

Capital Projects Funds

<u>TIF District No. 6</u>	<u>TIF District No. 7</u>	<u>TIF District No. 8</u>	<u>TIF District No. 9</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,178,169	\$ -	\$ -	\$ -	\$ 5,838,935
5,111	-	-	-	1,475,130
-	-	-	-	846,854
-	-	-	-	31,795
-	-	-	-	148,899
12,984	56,170	-	-	108,815
<u>83,338</u>	-	-	-	<u>661,301</u>
<u>1,279,602</u>	<u>56,170</u>	-	-	<u>9,111,729</u>
-	-	-	-	419
-	-	-	-	1,949,086
-	-	-	-	1,075,897
-	-	-	-	511,779
-	-	-	-	1,710,677
179,849	190,952	22,331	22,849	795,586
32,077	578,730	-	-	3,249,891
701,777	-	-	-	1,071,777
151,767	-	-	-	213,910
-	-	-	-	210,000
-	-	-	-	<u>4,858</u>
<u>1,065,470</u>	<u>769,682</u>	<u>22,331</u>	<u>22,849</u>	<u>10,793,880</u>
<u>214,132</u>	<u>(713,512)</u>	<u>(22,331)</u>	<u>(22,849)</u>	<u>(1,682,151)</u>
-	-	-	-	705,000
-	791,600	-	-	846,600
-	<u>(78,088)</u>	-	-	<u>(795,373)</u>
-	<u>713,512</u>	-	-	<u>756,227</u>
214,132	-	(22,331)	(22,849)	(925,924)
<u>2,067,836</u>	-	-	-	<u>9,746,522</u>
<u>\$ 2,281,968</u>	<u>\$ -</u>	<u>\$ (22,331)</u>	<u>\$ (22,849)</u>	<u>\$ 8,820,598</u>

CITY OF VERONA

STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2017

	<u>Component Unit - CDA</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	\$ 4,908
Lease payments received	<u>210,000</u>
Net Cash Flows From Investing Activities	<u>214,908</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Debt retired	(210,000)
Interest paid	(4,908)
Payment to city for reduction in restricted cash	<u>(260,467)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(475,375)</u>
Net Change in Cash and Cash Equivalents	(260,467)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>260,467</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	