

CITY OF VERONA

Verona, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

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, each major fund, and the aggregate remaining fund information of the City of Verona, Wisconsin, as of and for the year ended December 31, 2019, 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, each major fund, and the aggregate remaining fund information of the City of Verona, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Verona adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Management has omitted 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 opinion on the basic financial statements is 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 11, 2020

CITY OF VERONA

STATEMENT OF NET POSITION As of December 31, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 21,118,711	\$ 5,425,676	\$ 26,544,387
Receivables			
Taxes	16,898,465	-	16,898,465
Delinquent personal property taxes	17,097	-	17,097
Accounts	1,903,177	1,199,470	3,102,647
Special assessments	2,032	-	2,032
Promissory notes	110,595	-	110,595
Other	225,065	-	225,065
Due from other governmental units	10,644	4,352	14,996
Internal balances	(66,129)	66,129	-
Inventories	-	34,508	34,508
Prepaid items	1,380,674	4,318	1,384,992
Restricted assets			
Cash and investments	2,764,956	1,340,804	4,105,760
Other assets	-	237,786	237,786
Investment in joint venture	652,942	-	652,942
Capital Assets			
Capital assets not being depreciated/amortized	36,536,273	3,442,038	39,978,311
Other capital assets net of accumulated depreciation/amortization	<u>80,709,910</u>	<u>73,652,838</u>	<u>154,362,748</u>
Total Assets	<u>162,264,412</u>	<u>85,407,919</u>	<u>247,672,331</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	4,737	4,737
Pension related amounts	<u>4,009,876</u>	<u>390,033</u>	<u>4,399,909</u>
Total Deferred Outflows of Resources	<u>4,009,876</u>	<u>394,770</u>	<u>4,404,646</u>
LIABILITIES			
Accounts payable	2,016,788	348,096	2,364,884
Other accrued liabilities	379,337	48,147	427,484
Due to other governmental units	77,639	-	77,639
Accrued interest	287,946	17,217	305,163
Deposits	33,341	-	33,341
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	245,000	245,000
Accrued interest	-	3,370	3,370
Noncurrent Liabilities			
Due within one year	6,388,934	545,000	6,933,934
Due in more than one year	42,207,384	4,967,292	47,174,676
Net pension liability	<u>1,475,610</u>	<u>135,133</u>	<u>1,610,743</u>
Total Liabilities	<u>52,866,979</u>	<u>6,309,255</u>	<u>59,176,234</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	16,847,822	-	16,847,822
Unamortized gain on refunding	-	642	642
Pension related amounts	<u>2,060,845</u>	<u>191,968</u>	<u>2,252,813</u>
Total Deferred Inflows of Resources	<u>18,908,667</u>	<u>192,610</u>	<u>19,101,277</u>

See accompanying notes to financial statements.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
NET POSITION			
Net investment in capital assets	\$ 76,905,550	\$ 71,479,776	\$146,598,988
Restricted for			
Debt service	-	777,184	777,184
TIF activities	2,196,221	-	2,196,221
Library	275,191	-	275,191
Impact fees	2,764,956	-	2,764,956
Equipment replacement	-	132,800	132,800
Depreciation	-	427,450	427,450
Cemetery	297,414	-	297,414
Unrestricted	<u>12,059,310</u>	<u>6,483,614</u>	<u>20,329,262</u>
TOTAL NET POSITION	<u><u>\$ 94,498,642</u></u>	<u><u>\$ 79,300,824</u></u>	<u><u>\$173,799,466</u></u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,554,234	\$ 288,665	\$ -	\$ -
Public safety	6,975,869	1,165,102	166,037	1,608
Health and human services	466,303	22,552	10	-
Public works	7,460,960	1,140,568	959,275	2,798,539
Culture, education and recreation	3,675,927	447,591	931,256	114,985
Conservation and development	1,599,749	81,279	900	98,786
Interest and fiscal charges	<u>1,216,157</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>22,949,199</u>	<u>3,145,757</u>	<u>2,057,478</u>	<u>3,013,918</u>
Business-type Activities				
Water Utility	1,950,215	2,169,149	-	223,435
Sewer Utility	2,329,209	2,192,611	-	166,285
Stormwater Utility	<u>813,783</u>	<u>700,867</u>	<u>-</u>	<u>687,962</u>
Total Business-type Activities	<u>5,093,207</u>	<u>5,062,627</u>	<u>-</u>	<u>1,077,682</u>
Total	<u>\$ 28,042,406</u>	<u>\$ 8,208,384</u>	<u>\$ 2,057,478</u>	<u>\$ 4,091,600</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
- Miscellaneous
- Transfers
- Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,265,569)	\$ -	\$ (1,265,569)
(5,643,122)	-	(5,643,122)
(443,741)	-	(443,741)
(2,562,578)	-	(2,562,578)
(2,182,095)	-	(2,182,095)
(1,418,784)	-	(1,418,784)
<u>(1,216,157)</u>	<u>-</u>	<u>(1,216,157)</u>
<u>(14,732,046)</u>	<u>-</u>	<u>(14,732,046)</u>
-	442,369	442,369
-	29,687	29,687
-	<u>575,046</u>	<u>575,046</u>
-	<u>1,047,102</u>	<u>1,047,102</u>
<u>(14,732,046)</u>	<u>1,047,102</u>	<u>(13,684,944)</u>
9,682,832	-	9,682,832
4,044,681	-	4,044,681
2,734,930	-	2,734,930
659,787	-	659,787
704,089	-	704,089
42,700	-	42,700
944,084	139,889	1,083,973
<u>67,808</u>	<u>-</u>	<u>67,808</u>
<u>319,430</u>	<u>(319,430)</u>	<u>-</u>
<u>19,200,341</u>	<u>(179,541)</u>	<u>19,020,800</u>
4,468,295	867,561	5,335,856
<u>90,030,347</u>	<u>78,433,263</u>	<u>168,463,610</u>
<u>\$ 94,498,642</u>	<u>\$ 79,300,824</u>	<u>\$ 173,799,466</u>

See accompanying notes to financial statements.

CITY OF VERONA

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Debt Service	Capital Improvement Program
ASSETS			
Treasurer's working cash	\$ 4,836,424	\$ 142,986	\$ 7,949,938
Receivables			
Taxes	5,596,920	4,088,891	94,500
Delinquent personal property taxes	17,097	-	-
Accounts	390,417	-	1,365,294
Special assessments	2,032	-	-
Promissory notes	-	-	-
Other	87,159	137,906	-
Due from other governments	8,386	-	-
Advances to other funds	76,380	-	-
Prepaid items	112,131	-	1,150,000
Restricted cash	-	-	-
	<u>\$ 11,126,946</u>	<u>\$ 4,369,783</u>	<u>\$ 10,559,732</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 351,466	\$ -	\$ 1,319,733
Accrued liabilities	241,244	-	-
Deposits	33,341	-	-
Due to other governments	77,639	-	-
Due to other funds	66,129	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>769,819</u>	<u>-</u>	<u>1,319,733</u>
Deferred Inflows of Resources			
Unavailable revenues	25,483	137,906	-
Unearned revenues	5,541,327	4,088,891	99,450
Total Deferred Inflows of Resources	<u>5,566,810</u>	<u>4,226,797</u>	<u>99,450</u>
Fund Balances			
Nonspendable	188,511	-	1,150,000
Restricted	-	142,986	6,096,187
Committed	-	-	-
Assigned	938,371	-	1,894,362
Unassigned (deficit)	3,663,435	-	-
Total Fund Balances	<u>4,790,317</u>	<u>142,986</u>	<u>9,140,549</u>
	<u>\$ 11,126,946</u>	<u>\$ 4,369,783</u>	<u>\$ 10,559,732</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 7,910,865	\$ 20,840,213
7,118,154	16,898,465
-	17,097
147,466	1,903,177
-	2,032
110,595	110,595
-	225,065
2,258	10,644
-	76,380
2,475	1,264,606
<u>2,764,956</u>	<u>2,764,956</u>
<u>\$ 18,056,769</u>	<u>\$ 44,113,230</u>

\$ 345,589	\$ 2,016,788
138,093	379,337
-	33,341
-	77,639
-	66,129
<u>76,380</u>	<u>76,380</u>
<u>560,062</u>	<u>2,649,614</u>

2,258	165,647
<u>7,118,154</u>	<u>16,847,822</u>
<u>7,120,412</u>	<u>17,013,469</u>

2,475	1,340,986
5,533,287	11,772,460
4,916,913	4,916,913
-	2,832,733
<u>(76,380)</u>	<u>3,587,055</u>
<u>10,376,295</u>	<u>24,450,147</u>

<u>\$ 18,056,769</u>	<u>\$ 44,113,230</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, 2019

Total Fund Balances - Governmental Funds	\$ 24,450,147
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.	117,246,183
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.	165,647
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(1,475,610)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	4,009,876
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(2,060,845)
The city's investment in the joint venture is not a financial resource and, therefore, is not reported in the funds.	652,942
Internal service funds are reported in the statement of net position as governmental activities.	394,566
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>(48,884,264)</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u>\$ 94,498,642</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, 2019

	General	Debt Service	Capital Improvement Program
REVENUES			
Taxes	\$ 5,167,915	\$ 4,044,681	\$ 590,715
Intergovernmental	1,403,649	-	101,263
Public charges for services	319,921	-	104,985
Fines, forfeitures and penalties	132,276	-	-
Licenses and permits	507,590	-	-
Investment income	784,755	2,851	-
Miscellaneous revenues	<u>56</u>	<u>137,906</u>	<u>598,755</u>
Total Revenues	<u>8,316,162</u>	<u>4,185,438</u>	<u>1,395,718</u>
EXPENDITURES			
Current			
General government	1,435,780	-	-
Public safety	3,962,462	-	-
Public works	1,503,799	-	-
Health and human services	-	-	-
Culture, recreation and education	974,786	-	-
Conservation and development	436,787	-	-
Capital Outlay	32,171	-	9,198,165
Debt Service			
Principal	-	3,970,000	12,574
Interest and fiscal charges	<u>-</u>	<u>1,244,049</u>	<u>50,381</u>
Total Expenditures	<u>8,345,785</u>	<u>5,214,049</u>	<u>9,261,120</u>
Excess (deficiency) of revenues over expenditures	<u>(29,623)</u>	<u>(1,028,611)</u>	<u>(7,865,402)</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	2,480,000
Premium on debt issued	-	122,543	-
Proceeds from sale of capital assets	-	-	-
Transfers in	704,226	770,244	460,000
Transfers out	<u>(460,000)</u>	<u>-</u>	<u>(30,000)</u>
Total Other Financing Sources (Uses)	<u>244,226</u>	<u>892,787</u>	<u>2,910,000</u>
Net Change in Fund Balances	214,603	(135,824)	(4,955,402)
FUND BALANCES - Beginning of Year	<u>4,575,714</u>	<u>278,810</u>	<u>14,095,951</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,790,317</u>	<u>\$ 142,986</u>	<u>\$ 9,140,549</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 7,317,345	\$ 17,120,656
1,741,304	3,246,216
1,652,336	2,077,242
10,194	142,470
162,780	670,370
156,478	944,084
<u>198,851</u>	<u>935,568</u>
<u>11,239,288</u>	<u>25,136,606</u>
-	1,435,780
1,969,953	5,932,415
1,214,280	2,718,079
436,656	436,656
1,966,048	2,940,834
536,074	972,861
2,206,902	11,437,238
1,149,943	5,132,517
<u>147,553</u>	<u>1,441,983</u>
<u>9,627,409</u>	<u>32,448,363</u>
<u>1,611,879</u>	<u>(7,311,757)</u>
-	2,480,000
-	122,543
19,931	19,931
55,000	1,989,470
<u>(795,244)</u>	<u>(1,285,244)</u>
<u>(720,313)</u>	<u>3,326,700</u>
891,566	(3,985,057)
<u>9,484,729</u>	<u>28,435,204</u>
<u>\$ 10,376,295</u>	<u>\$ 24,450,147</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, 2019

Net change in fund balances - total governmental funds	\$	(3,985,057)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		11,437,238
Some items reported as capital outlay were not capitalized		(3,607,890)
Depreciation is reported in the government-wide financial statements		(2,970,179)
Net book value of capital assets disposed		(199,054)

Contributed capital assets are reported as revenues in the government-wide financial statements.		2,077,491
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Capital assets contributed to business-type activities are reported as capital outlay in the fund financial statements.		(384,796)
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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.		(135,964)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(2,480,000)
Principal repaid		5,132,517

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Change in debt premium		58,344

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(68,209)
Accrued interest on debt		44,785
Net pension liability/asset		(2,622,741)
Deferred outflows of resources related to pensions		1,870,503
Deferred inflows of resources related to pensions		239,005

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.		57,408
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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		4,894
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>4,468,295</u>
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See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
ASSETS					
Current Assets					
Cash and investments	\$ 2,488,220	\$ 1,953,391	\$ 984,065	\$ 5,425,676	\$ 278,498
Receivables					
Other receivables	463,099	553,849	182,522	1,199,470	-
Due from other governments	1,499	2,425	428	4,352	-
Due from other funds	26,309	34,246	5,574	66,129	-
Inventories	34,508	-	-	34,508	-
Prepaid items	1,440	1,439	1,439	4,318	116,068
Restricted Assets					
Redemption account	140,190	58,767	-	198,957	-
Total Current Assets	3,155,265	2,604,117	1,174,028	6,933,410	394,566
Noncurrent Assets					
Restricted Assets					
Reserve account	501,278	80,319	-	581,597	-
Depreciation account	377,760	49,690	-	427,450	-
Replacement account	-	132,800	-	132,800	-
Capital Assets					
Intangible	-	-	112,000	112,000	-
Land and land rights	65,089	-	3,040,960	3,106,049	-
Construction in progress	-	166,329	57,660	223,989	-
Property and equipment	42,768,970	23,266,704	29,223,688	95,259,362	-
Less: Accumulated depreciation	(10,149,502)	(5,694,259)	(5,762,763)	(21,606,524)	-
Other Assets					
Unamortized investment in interceptor	-	237,786	-	237,786	-
Total Noncurrent Assets	33,563,595	18,239,369	26,671,545	78,474,509	-
Total Assets	36,718,860	20,843,486	27,845,573	85,407,919	394,566
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	1,457	-	3,280	4,737	-
Pension related amounts	211,323	93,846	84,864	390,033	-
Total Deferred Outflows of Resources	212,780	93,846	88,144	394,770	-

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	\$ 5,676	\$ 333,493	\$ 8,927	\$ 348,096	\$ -
Accrued wages	21,875	14,754	11,518	48,147	-
Accrued interest	11,049	2,710	3,458	17,217	-
Current portion of general obligation debt	220,000	150,000	175,000	545,000	-
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	150,000	95,000	-	245,000	-
Accrued interest	1,036	2,334	-	3,370	-
Total Current Liabilities	<u>409,636</u>	<u>598,291</u>	<u>198,903</u>	<u>1,206,830</u>	<u>-</u>
Noncurrent Liabilities					
Long-Term Debt					
General obligation	2,100,000	1,300,000	695,000	4,095,000	-
Revenue bonds	135,000	540,000	-	675,000	-
Compensated absences	58,874	55,360	23,863	138,097	-
Unamortized premium	28,553	18,607	12,035	59,195	-
Net pension liability	72,218	34,788	28,127	135,133	-
Total Noncurrent Liabilities	<u>2,394,645</u>	<u>1,948,755</u>	<u>759,025</u>	<u>5,102,425</u>	<u>-</u>
Total Liabilities	<u>2,804,281</u>	<u>2,547,046</u>	<u>957,928</u>	<u>6,309,255</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unamortized gain on refunding	-	-	642	642	-
Pension related amounts	104,272	46,250	41,446	191,968	-
Total Deferred Inflows of Resources	<u>104,272</u>	<u>46,250</u>	<u>42,088</u>	<u>192,610</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	\$ 30,052,461	\$ 15,635,167	\$ 25,792,148	\$ 71,479,776	\$ -
Restricted for					
Debt service	640,432	136,752	-	777,184	-
Equipment replacement	-	132,800	-	132,800	-
Depreciation	377,760	49,690	-	427,450	-
Unrestricted	<u>2,952,434</u>	<u>2,389,627</u>	<u>1,141,553</u>	<u>6,483,614</u>	<u>394,566</u>
TOTAL NET POSITION	<u>\$ 34,023,087</u>	<u>\$ 18,344,036</u>	<u>\$ 26,933,701</u>	<u>\$ 79,300,824</u>	<u>\$ 394,566</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, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
OPERATING REVENUES					
Charges for services	\$ 1,987,125	\$ 2,168,709	\$ 690,717	\$ 4,846,551	\$ 272,880
Other	<u>182,024</u>	<u>23,902</u>	<u>10,150</u>	<u>216,076</u>	<u>-</u>
Total Operating Revenues	<u>2,169,149</u>	<u>2,192,611</u>	<u>700,867</u>	<u>5,062,627</u>	<u>272,880</u>
OPERATING EXPENSES					
Operation and maintenance	984,711	1,807,337	369,920	3,161,968	-
Depreciation	900,308	428,644	424,578	1,753,530	-
Amortization expense	-	33,969	-	33,969	-
Insurance services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,986</u>
Total Operating Expenses	<u>1,885,019</u>	<u>2,269,950</u>	<u>794,498</u>	<u>4,949,467</u>	<u>267,986</u>
Operating Income (Loss)	<u>284,130</u>	<u>(77,339)</u>	<u>(93,631)</u>	<u>113,160</u>	<u>4,894</u>
NONOPERATING REVENUES (EXPENSES)					
Interest expense	(70,649)	(63,788)	(22,503)	(156,940)	-
Amortization	5,453	4,529	3,218	13,200	-
Investment income	<u>59,602</u>	<u>57,140</u>	<u>23,147</u>	<u>139,889</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(5,594)</u>	<u>(2,119)</u>	<u>3,862</u>	<u>(3,851)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>278,536</u>	<u>(79,458)</u>	<u>(89,769)</u>	<u>109,309</u>	<u>4,894</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	223,435	166,285	687,962	1,077,682	-
Capital contributions - city	-	-	384,796	384,796	-
Transfers out	<u>(704,226)</u>	<u>-</u>	<u>-</u>	<u>(704,226)</u>	<u>-</u>
Total Contributions and Transfers	<u>(480,791)</u>	<u>166,285</u>	<u>1,072,758</u>	<u>758,252</u>	<u>-</u>
Change in Net Position	(202,255)	86,827	982,989	867,561	4,894
NET POSITION - Beginning of Year	<u>34,225,342</u>	<u>18,257,209</u>	<u>25,950,712</u>	<u>78,433,263</u>	<u>389,672</u>
NET POSITION - END OF YEAR	<u><u>\$ 34,023,087</u></u>	<u><u>\$ 18,344,036</u></u>	<u><u>\$ 26,933,701</u></u>	<u><u>\$ 79,300,824</u></u>	<u><u>\$ 394,566</u></u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	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	\$ 1,538,812	\$ 2,166,441	\$ 700,468	\$ 4,405,721	\$ 272,880
Received from city for services	518,208	-	-	518,208	-
Paid to suppliers for goods and services	(594,567)	(1,610,311)	(198,437)	(2,403,315)	(166,541)
Paid to employees for services	(376,444)	(176,935)	(162,442)	(715,821)	-
Net Cash Flows From Operating Activities	<u>1,086,009</u>	<u>379,195</u>	<u>339,589</u>	<u>1,804,793</u>	<u>106,339</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	59,602	57,140	23,147	139,889	-
Net Cash Flows From Investing Activities	<u>59,602</u>	<u>57,140</u>	<u>23,147</u>	<u>139,889</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(704,226)	-	-	(704,226)	-
Net Cash Flows From Noncapital Financing Activities	<u>(704,226)</u>	<u>-</u>	<u>-</u>	<u>(704,226)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(360,000)	(235,000)	(175,000)	(770,000)	-
Interest paid	(74,744)	(68,285)	(24,637)	(167,666)	-
Acquisitions and construction of capital assets	(552,886)	(919,515)	(232,947)	(1,705,348)	-
Capital contributions received	52,442	94,701	-	147,143	-
Salvage on retirement of plant	13,262	13,332	-	26,594	-
Net Cash Flows From Capital and Related Financing Activities	<u>(921,926)</u>	<u>(1,114,767)</u>	<u>(432,584)</u>	<u>(2,469,277)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	<u>(480,541)</u>	<u>(678,432)</u>	<u>(69,848)</u>	<u>(1,228,821)</u>	<u>106,339</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,987,989</u>	<u>2,953,399</u>	<u>1,053,913</u>	<u>7,995,301</u>	<u>172,159</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,507,448</u>	<u>\$ 2,274,967</u>	<u>\$ 984,065</u>	<u>\$ 6,766,480</u>	<u>\$ 278,498</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)	\$ 284,130	\$ (77,339)	\$ (93,631)	\$ 113,160	\$ 4,894
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	900,308	428,644	424,578	1,753,530	-
Depreciation charged to other funds	46,984	-	-	46,984	-
Amortization	-	33,969	-	33,969	-
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Accounts receivable	(156,042)	(38,182)	(1,324)	(195,548)	-
Other accounts receivable	(2,794)	-	48	(2,746)	-
Due from other funds	(277)	12,012	877	12,612	-
Materials and supplies	1,444	-	-	1,444	-
Prepayments	(1,159)	(1,158)	(1,440)	(3,757)	101,445
Accounts payable	(9,086)	3,767	2,009	(3,310)	-
Other current liabilities	3,282	9,198	3,881	16,361	-
Pension related deferrals and assets	19,219	8,284	4,591	32,094	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,086,009</u>	<u>\$ 379,195</u>	<u>\$ 339,589</u>	<u>\$ 1,804,793</u>	<u>\$ 106,339</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments	\$ 2,488,220	\$ 1,953,391	\$ 984,065	\$ 5,425,676	\$ 278,498
Restricted cash and investments					
Redemption account	140,190	58,767	-	198,957	-
Reserve account	501,278	80,319	-	581,597	-
Depreciation account	377,760	49,690	-	427,450	-
Replacement account	-	132,800	-	132,800	-
CASH AND CASH EQUIVALENTS	<u>\$ 3,507,448</u>	<u>\$ 2,274,967</u>	<u>\$ 984,065</u>	<u>\$ 6,766,480</u>	<u>\$ 278,498</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Developer financed additions to utility plant	<u>\$ 170,993</u>	<u>\$ 63,041</u>	<u>\$ 687,962</u>		
TIF financed additions to utility plant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,796</u>		

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
As of December 31, 2019

	<u>Tax Collection</u>
ASSETS	
Cash and investments	\$ 18,277,153
Taxes receivable	<u>30,865,431</u>
Total Assets	<u>49,142,584</u>
LIABILITIES	
Due to other governments	<u>49,142,584</u>
Total Liabilities	<u>49,142,584</u>
NET POSITION	
TOTAL NET POSITION	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
For the Year Ended December 31, 2019

	<u>Tax Collection</u>
ADDITIONS	
Property taxes collected for other governments	\$ 27,878,261
Total Additions	<u>27,878,261</u>
DEDUCTIONS	
Property taxes distributed to other governments	<u>27,878,261</u>
Total Deductions	<u>27,878,261</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</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, 2019

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 units. 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 city has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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.

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- 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, 2019

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

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. 8
TIF District No. 4	TIF District No. 9
TIF District No. 6	TIF District No. 10

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

Custodial Fund - used to account for and report assets controlled by the city and the assets are for the benefit of 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, 2019

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 judgementally 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, 2019

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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.
- 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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

- 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, 2019, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

2. Receivables (cont.)

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

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.

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

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

3. Inventories and Prepaid Items

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

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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
Intangible	8 Years

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.

\$237,786 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, 2019, 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, 2019

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 \$3,470,000, 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, 2019

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/amortization 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	\$ 76,905,550	\$ 71,479,776	\$ (1,786,338)	\$ 146,598,988
Unrestricted	12,059,310	6,483,614	1,786,338	20,329,262

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, 2019

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 \$3,663,435, or 37.5% of 2020 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, 2019

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 September 16, 2019.

Sewer Utility

Current sewer rates were approved by the city council effective January 1, 2019.

Stormwater Utility

Current stormwater rates were approved by the city council effective October 1, 2018.

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	\$	14,882,047
Right of way		15,679,037
Construction in progress		5,975,189
Land improvements		3,234,181
Buildings		30,515,121
Machinery and equipment		12,011,353
Infrastructure		58,343,199
Cemetery land		1,840,886
Intangible		92,540
Less: Accumulated depreciation		<u>(25,327,370)</u>
Combined Adjustment for Capital Assets	\$	<u><u>117,246,183</u></u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ (47,194,128)
Compensated absences	(1,098,297)
Accrued interest	(287,946)
Unamortized premium on debt	<u>(303,893)</u>
Combined Adjustment for Long-Term Liabilities	<u><u>\$ (48,884,264)</u></u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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.

A budget has been adopted for the all funds except TIF No. 10. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt service fund	\$ 5,114,077	\$ 5,214,049	\$ 99,972
Forestry	34,000	46,546	12,546
Special accounts	638,279	1,361,491	723,212
Library	2,255,952	2,307,738	51,786
TIF District No. 4	636,425	637,058	633
TIF District No. 8	1,000	2,881	1,881
Capital improvement projects	5,073,170	9,291,120	4,217,950

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.

C. DEFICIT BALANCES

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

As of December 31, 2019, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF District No. 8	\$ 28,331	Expenditures exceeded revenues.
TIF District No. 9	34,649	Expenditures exceeded revenues.
TIF District No. 10	13,400	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.

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 21,981,646	\$ 22,594,180	Custodial credit
U.S. agencies - explicitly guaranteed	742,699	742,699	Custodial credit and interest rate
U.S. agencies - implicitly guaranteed	15,007,144	15,007,144	Credit, custodial credit, concentration of credit, and interest rate
Other debt securities	1,509,426	1,509,426	Credit, custodial credit, concentration of credit, and interest rate
LGIP	7,483,244	7,483,244	Credit
Corporate bonds	2,202,171	2,202,171	Credit, custodial credit, concentration of credit, and interest rate
Petty cash	970	-	N/A
Total Deposits and Investments	\$ 48,927,300	\$ 49,538,864	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 26,544,387		
Restricted cash and investments	4,105,760		
Per statement of fiduciary net position - custodial fund			
Fiduciary funds	18,277,153		
Total Deposits and Investments	\$ 48,927,300		

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$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, 2019, the banks had pledged various government securities in the amount of \$3,438,847 to secure the city's deposits.

The city is a beneficiary of an irrevocable letter of credit in the amount of \$25,000,000.

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, 2019			
	Level 1	Level 2	Level 3	Total
U.S. agencies - explicitly guaranteed	\$ -	\$ 742,699	\$ -	\$ 742,699
U.S. agencies - implicitly guaranteed	6,864,772	8,142,372	-	15,007,144
Other debt securities	-	1,509,426	-	1,509,426
Corporate bonds	2,202,171	-	-	2,202,171
Total	\$ 9,066,943	\$ 10,394,497	\$ -	\$ 19,461,440

Custodial Credit Risk

Deposits

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

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

Investments

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

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2019, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U.S. agencies implicitly guaranteed	Aaa	AA+
Other debt securities	Aaa	AA+
Corporate bonds	AA - AA+	A1-Aa3

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.

At December 31, 2019, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies implicitly guaranteed	8.25%
Federal Home Loan Mortgage Corp	U.S. agencies implicitly guaranteed	19.02%
Freddie Mac	U.S. agencies implicitly guaranteed	15.19%
Federal National Mortgage Association	U.S. agencies implicitly guaranteed	11.19%
Corporate Bonds	Corporate Bonds	8.17%
Small Business Administration Bonds	Other debt securities	5.60%

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 to 5	5 to 10+
U.S. agencies explicitly guaranteed	\$ 742,699	\$ -	\$ -	\$ 742,699
U.S. agencies implicitly guaranteed	15,007,144	3,218,259	3,646,513	8,142,372
Other debt securities	1,509,426	-	-	1,509,426
Corporate bonds	<u>2,202,171</u>	<u>-</u>	<u>2,202,171</u>	<u>-</u>
Totals	<u>\$ 19,461,440</u>	<u>\$ 3,218,259</u>	<u>\$ 5,848,684</u>	<u>\$ 10,394,497</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.

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	\$ 16,134,024	\$ -
Delinquent personal property taxes receivable	-	17,097
Special charges placed on tax roll	704,007	-
Developer deposit	2,436	-
Dog licenses	2,405	-
Delinquent charges put on the tax roll	-	10,644
Revenues collected in advance	4,950	-
Developer contribution	<u>-</u>	<u>137,906</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 16,847,822</u>	<u>\$ 165,647</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

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, 2019:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 198,957	\$ 3,370	\$ 195,587
Bond reserve account	581,597	-	581,597
Bond depreciation account	427,450	-	427,450
Equipment replacement account	132,800	-	132,800
Impact fee account	2,764,956	-	2,764,956
Total	\$ 4,105,760	\$ 3,370	\$ 4,102,390

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 11,831,433	\$ 3,050,614	\$ -	\$ 14,882,047
Right of way	15,679,037	-	-	15,679,037
Construction in progress	<u>7,902,227</u>	<u>1,147,179</u>	<u>3,074,217</u>	<u>5,975,189</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>35,412,697</u>	<u>4,197,793</u>	<u>3,074,217</u>	<u>36,536,273</u>
Capital assets being depreciated/amortized				
Land improvements	2,160,037	1,074,144	-	3,234,181
Buildings	29,622,185	892,936	-	30,515,121
Machinery and equipment	10,347,434	2,368,007	704,088	12,011,353
Streets	40,290,063	2,514,551	123,160	42,681,454
Intangible	92,540	-	-	92,540
Sidewalks	5,029,520	399,935	837	5,428,618
Curb and gutter	7,674,460	391,236	43,151	8,022,545
Street lights	1,452,924	757,658	-	2,210,582
Cemetery land	<u>1,840,886</u>	<u>-</u>	<u>-</u>	<u>1,840,886</u>
Total Capital Assets Being Depreciated/Amortized	<u>98,510,049</u>	<u>8,398,467</u>	<u>871,236</u>	<u>106,037,280</u>
Total Capital Assets	<u>133,922,746</u>	<u>12,596,260</u>	<u>3,945,453</u>	<u>142,573,553</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(118,567)	(91,627)	-	(210,194)
Buildings	(5,938,310)	(662,952)	-	(6,601,262)
Machinery and equipment	(4,603,391)	(716,945)	505,034	(4,815,302)
Streets	(8,780,580)	(1,067,036)	123,160	(9,724,456)
Intangible	(3,085)	(6,169)	-	(9,254)
Sidewalks	(1,027,512)	(108,573)	837	(1,135,248)
Curb and gutter	(1,926,356)	(160,451)	43,151	(2,043,656)
Street lights	(613,612)	(147,446)	-	(761,058)
Cemetery land	<u>(17,960)</u>	<u>(8,980)</u>	<u>-</u>	<u>(26,940)</u>
Total Accumulated Depreciation/Amortization	<u>(23,029,373)</u>	<u>(2,970,179)</u>	<u>672,182</u>	<u>(25,327,370)</u>
Net Capital Assets Being Depreciated/Amortized	<u>75,480,676</u>	<u>5,428,288</u>	<u>199,054</u>	<u>80,709,910</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 110,893,373</u>	<u>\$ 9,626,081</u>	<u>\$ 3,273,271</u>	<u>\$ 117,246,183</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 86,943
Public safety	463,055
Health and human services	51,264
Public works	1,726,941
Culture, education, and recreation	<u>641,976</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 2,970,179</u></u>

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	<u>139,730</u>	<u>439,301</u>	<u>579,031</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>204,819</u>	<u>439,301</u>	<u>579,031</u>	<u>65,089</u>
Capital assets being depreciated				
Source of supply	895,060	-	-	895,060
Pumping	4,065,617	-	-	4,065,617
Water treatment	120,145	-	-	120,145
Transmission and distribution	35,689,747	761,780	42,843	36,408,684
General	<u>1,269,728</u>	<u>23,316</u>	<u>13,580</u>	<u>1,279,464</u>
Total Capital Assets Being Depreciated	<u>42,040,297</u>	<u>785,096</u>	<u>56,423</u>	<u>42,768,970</u>
Total Capital Assets	<u>42,245,116</u>	<u>1,224,397</u>	<u>635,454</u>	<u>42,834,059</u>
Less: Accumulated depreciation for				
Water plant	<u>(9,245,370)</u>	<u>(960,555)</u>	<u>56,423</u>	<u>(10,149,502)</u>
Total Accumulated Depreciation	<u>(9,245,370)</u>	<u>(960,555)</u>	<u>56,423</u>	<u>(10,149,502)</u>
Net Capital Assets Being Depreciated	<u>32,794,927</u>	<u>(175,459)</u>	<u>-</u>	<u>32,619,468</u>
Net Water Capital Assets	<u><u>\$ 32,999,746</u></u>	<u><u>\$ 263,842</u></u>	<u><u>\$ 579,031</u></u>	<u><u>\$ 32,684,557</u></u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer</u>				
Capital assets not being depreciated				
Construction in progress	\$ 291,424	\$ 835,610	\$ 960,705	\$ 166,329
Total Capital Assets Not Being Depreciated	<u>291,424</u>	<u>835,610</u>	<u>960,705</u>	<u>166,329</u>
Capital assets being depreciated				
Collection system	21,059,468	1,023,744	-	22,083,212
General	<u>1,173,756</u>	<u>23,316</u>	<u>13,580</u>	<u>1,183,492</u>
Total Capital Assets Being Depreciated	<u>22,233,224</u>	<u>1,047,060</u>	<u>13,580</u>	<u>23,266,704</u>
Total Capital Assets	<u>22,524,648</u>	<u>1,882,670</u>	<u>974,285</u>	<u>23,433,033</u>
Less: Accumulated depreciation for				
Sewer plant	<u>(5,265,863)</u>	<u>(441,976)</u>	<u>13,580</u>	<u>(5,694,259)</u>
Total Accumulated Depreciation	<u>(5,265,863)</u>	<u>(441,976)</u>	<u>13,580</u>	<u>(5,694,259)</u>
Net Capital Assets Being Depreciated	<u>16,967,361</u>	<u>605,084</u>	<u>-</u>	<u>17,572,445</u>
Net Sewer Capital Assets	<u>\$ 17,258,785</u>	<u>\$ 1,440,694</u>	<u>\$ 960,705</u>	<u>\$ 17,738,774</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	159,480	-	3,040,960
Construction in progress	<u>248,365</u>	<u>42,066</u>	<u>232,771</u>	<u>57,660</u>
Total Capital Assets Not Being Depreciated	<u>3,241,845</u>	<u>201,546</u>	<u>232,771</u>	<u>3,210,620</u>
Capital assets being depreciated				
General plant	<u>27,989,264</u>	<u>1,271,694</u>	<u>37,270</u>	<u>29,223,688</u>
Total Capital Assets Being Depreciated	<u>27,989,264</u>	<u>1,271,694</u>	<u>37,270</u>	<u>29,223,688</u>
Total Capital Assets	<u>31,231,109</u>	<u>1,473,240</u>	<u>270,041</u>	<u>32,434,308</u>
Less: Accumulated depreciation for				
Stormwater plant	<u>(5,375,455)</u>	<u>(424,578)</u>	<u>37,270</u>	<u>(5,762,763)</u>
Total Accumulated Depreciation	<u>(5,375,455)</u>	<u>(424,578)</u>	<u>37,270</u>	<u>(5,762,763)</u>
Net Capital Assets Being Depreciated	<u>22,613,809</u>	<u>847,116</u>	<u>-</u>	<u>23,460,925</u>
Net Stormwater Capital Assets	<u>\$ 25,855,654</u>	<u>\$ 1,048,662</u>	<u>\$ 232,771</u>	<u>\$ 26,671,545</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 76,114,185</u>	<u>\$ 2,753,198</u>	<u>\$ 1,772,507</u>	<u>\$ 77,094,876</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities

Water	\$ 900,308
Sewer	428,644
Storm	<u>424,578</u>

Total Business-type Activities Depreciation Expense \$ 1,753,530

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, 2019

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 fund	\$ 26,309
Sewer utility	General fund	34,246
Stormwater utility	General fund	5,574
Total Internal Balances - Government-Wide Statement of Net Position		\$ 66,129

All amounts are due within one year.

Advances

The general fund is advancing funds to TIF District No. 8, No. 9 and No. 10. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. 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, 2019 is \$76,380.

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	\$ 28,331	\$ 28,331
General fund	TIF District No. 9	34,649	34,649
General fund	TIF District No. 10	13,400	13,400
Total - Fund Financial Statements		76,380	
Less: Fund eliminations		(76,380)	
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, 2019

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	\$ 385,244	Debt service
Debt service	Impact fees	385,000	Debt service
Capital improvement program	General fund	460,000	Capital projects
Library	Impact fees	25,000	Impact fees collection applied to library debt
Library	Capital improvement program	30,000	Transfer library rent for debt payment.
General	Water utility	<u>704,226</u>	Payment in lieu of taxes
Total - Fund Financial Statements		1,989,470	
Less: Fund eliminations		(1,285,244)	
Less: Transfer utility capital assets to stormwater utility from governmental activities		<u>(384,796)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 319,430</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, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 48,940,000	\$ 2,480,000	\$ 4,955,000	\$ 46,465,000	\$ 5,085,000
General obligation debt from direct borrowings and direct placements	906,645	-	177,517	729,128	704,474
Premiums	362,237	122,543	180,887	303,893	-
Sub-totals	<u>50,208,882</u>	<u>2,602,543</u>	<u>5,313,404</u>	<u>47,498,021</u>	<u>5,789,474</u>
Other Liabilities					
Vested compensated absences	1,030,088	669,203	600,994	1,098,297	599,460
Total Other Liabilities	<u>1,030,088</u>	<u>669,203</u>	<u>600,994</u>	<u>1,098,297</u>	<u>599,460</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 51,238,970</u>	<u>\$ 3,271,746</u>	<u>\$ 5,914,398</u>	<u>\$ 48,596,318</u>	<u>\$ 6,388,934</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 5,170,000	\$ -	\$ 530,000	\$ 4,640,000	\$ 545,000
Revenue bonds	1,160,000	-	240,000	920,000	245,000
Premiums	73,736	-	14,541	59,195	-
Sub-totals	<u>6,403,736</u>	<u>-</u>	<u>784,541</u>	<u>5,619,195</u>	<u>790,000</u>
Other Liabilities					
Vested compensated absences	127,751	67,442	57,096	138,097	-
Total Other Liabilities	<u>127,751</u>	<u>67,442</u>	<u>57,096</u>	<u>138,097</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 6,531,487</u>	<u>\$ 67,442</u>	<u>\$ 841,637</u>	<u>\$ 5,757,292</u>	<u>\$ 790,000</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, 2019, was \$153,608,195. Total general obligation debt outstanding at year-end was \$51,834,128.

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note V.A.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

<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, 2019</u>
General obligation corporate purpose bonds	07/27/2011	06/01/2023	0.90-3.00%	\$ 4,040,000	\$ 2,060,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	7,220,000	3,870,000
State Trust Fund loan - Direct	03/26/2013	03/15/2023	2.75%	75,000	32,435
State Trust Fund loan - Direct	08/19/2013	03/15/2023	2.75%	600,000	256,693
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	5,215,000	3,750,000
General obligation promissory notes	06/26/2013	04/01/2023	1.00-2.10%	2,460,000	1,025,000
General obligation corporate purpose bonds	07/16/2014	6/01/2034	2.00-4.00%	8,690,000	6,760,000
General obligation promissory notes	07/22/2015	06/01/2025	2.00-2.50%	4,865,000	3,175,000

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities General Obligation Debt (cont.)	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
General obligation corporate purpose bonds	07/22/2015	06/01/2035	2.00-3.50%	4,765,000	3,720,000
State Trust Fund loan - Direct	10/20/2015	03/15/2023	3.25%	700,000	440,000
General obligation promissory notes	07/26/2016	06/01/2026	1.45-2.00%	8,305,000	5,370,000
General obligation promissory notes	07/20/2017	06/01/2027	2.00-2.25%	1,360,000	4,790,000
General obligation corporate purpose bonds	07/20/2017	06/01/2037	3.00-3.15%	5,265,000	1,045,000
General obligation corporate purpose bonds	07/19/2018	06/01/2038	3.00-3.50%	4,230,000	4,120,000
General obligation promissory notes	07/19/2018	06/01/2028	2.50-3.00%	\$ 4,600,000	\$ 4,300,000
General obligation promissory bonds	07/17/2019	09/01/2034	2.50-4.00%	2,480,000	<u>2,480,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 47,194,128</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General obligation corporate purpose bonds	07/27/2011	06/01/2021	0.90-2.80%	\$ 560,000	\$ 125,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	1,860,000	1,020,000
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	580,000	405,000
General obligation corporate purpose bonds	07/26/2016	06/01/2026	1.45-2.00%	1,450,000	1,030,000
General Obligation corporate purpose bonds	07/20/2017	06/01/2027	2.00-2.25%	1,675,000	1,365,000
General obligation corporate purpose bonds	07/19/2018	06/01/2038	3.00-3.50%	620,000	605,000
General obligation promissory notes	07/19/2018	06/01/2028	2.50-3.00%	100,000	<u>90,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 4,640,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	\$ 5,085,000	\$ 1,207,045	\$ 545,000	\$ 101,128
2021	5,280,000	1,070,141	565,000	88,558
2022	5,210,000	945,824	520,000	77,098
2023	4,940,000	822,631	470,000	66,830
2024	4,005,000	710,111	480,000	88,853
2025-2029	13,120,000	2,238,506	1,685,000	145,514
2030-2034	6,630,000	906,858	200,000	44,508
2035-2038	<u>2,195,000</u>	<u>124,975</u>	<u>175,000</u>	<u>12,781</u>
Totals	<u>\$ 46,465,000</u>	<u>\$ 8,026,091</u>	<u>\$ 4,640,000</u>	<u>\$ 625,270</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

<u>Years</u>	Governmental Activities General Obligation Debt from Direct Borrowings and Direct Placements	
	Principal	Interest
2020	\$ 704,474	\$ 18,040
2021	7,996	678
2022	8,216	458
2023	8,442	232
Totals	\$ 729,128	\$ 19,408

The city's outstanding State Trust Fund Loans from direct borrowings related to governmental activities of \$729,128 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the city.

Revenue Debt

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

The water and sewer utilities has pledged future utility revenues to repay revenue bonds issued in 2006. 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 3.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,050,003. Principal and interest paid for the current year and total customer gross revenues were \$285,536 and \$4,618,390, respectively.

Revenue debt payable at December 31, 2019, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
<u>Water Utility</u>					
Revenue bonds	07/01/2006	06/01/2026	4.10-4.50%	\$ 1,615,000	\$ 770,000
Revenue bonds - refunding	07/01/2006	06/01/2020	4.10-4.30%	1,100,000	150,000
Total Business-type Activities - Revenue Debt					\$ 920,000

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
	2020	\$ 245,000
2021	100,000	27,725
2022	100,000	23,350
2023	110,000	18,730
2024	115,000	13,780
2025-2026	250,000	11,250
Totals	\$ 920,000	\$ 130,003

Other Debt Information

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

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, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 14,882,047
Construction in progress	5,975,189
Right of way	15,679,037
Other capital assets, net of accumulated depreciation/amortization	80,709,910
Less: Capital related long-term debt outstanding	(46,132,927)
Plus: Unspent capital related debt proceeds	6,096,187
Less: Unamortized debt premium	(303,893)
Total Net Investment in Capital Assets	\$ 76,905,550

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, 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:					
Prepaid items	\$ 112,131	\$ -	\$ 1,150,000	\$ 2,475	\$ 1,264,606
Long-term receivables	<u>76,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,380</u>
Sub-total	<u>188,511</u>	<u>-</u>	<u>-</u>	<u>2,475</u>	<u>1,340,986</u>
Restricted for:					
Debt service	-	142,986	-	-	142,986
Capital projects	-	-	6,096,187	-	6,096,187
Library purposes	-	-	-	274,696	274,696
TIF activities	-	-	-	2,196,221	2,196,221
Library facilities	-	-	-	404,277	404,277
Police facilities	-	-	-	1,252,310	1,252,310
Fire facilities	-	-	-	1,108,369	1,108,369
Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,414</u>	<u>297,414</u>
Sub-total	<u>-</u>	<u>142,986</u>	<u>6,096,187</u>	<u>5,533,287</u>	<u>11,772,460</u>
Committed to:					
Senior citizen activities and services	-	-	-	205,303	205,303
Refuse and recycling	-	-	-	188,737	188,737
Urban forestry programs	-	-	-	28,635	28,635
Cable operations	-	-	-	624,071	624,071
Tourism	-	-	-	295,464	295,464
Crime prevention	-	-	-	25,831	25,831
Fire and EMS	-	-	-	909,450	909,450
Council activities	-	-	-	100	100
EPIC grant activities	-	-	-	124,134	124,134
Equipment replacement	-	-	-	1,755,946	1,755,946
Economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,242</u>	<u>759,242</u>
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,916,913</u>	<u>4,916,913</u>
Assigned to:					
Subsequent year's budget	540,800	-	-	-	540,800
Compensated absences payouts	397,571	-	-	-	397,571
Capital projects	<u>-</u>	<u>-</u>	<u>1,894,362</u>	<u>-</u>	<u>1,894,362</u>
Sub-total	<u>938,371</u>	<u>-</u>	<u>1,894,362</u>	<u>-</u>	<u>2,832,733</u>
Unassigned (deficit):					
	<u>3,663,435</u>	<u>-</u>	<u>-</u>	<u>(76,380)</u>	<u>3,587,055</u>
Total Fund Balances (Deficit)	<u>\$ 4,790,317</u>	<u>\$ 142,986</u>	<u>\$ 9,140,549</u>	<u>\$ 10,376,295</u>	<u>\$ 24,450,147</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 3,106,049
Construction in progress	223,989
Intangible assets	112,000
Other capital assets, net of accumulated depreciation	73,652,838
Less: Capital related long-term debt outstanding	(5,560,000)
Plus: Unamortized loss on refunding	4,095
Less: Unamortized premium	<u>(59,195)</u>
Total Net Investment in Capital Assets	<u>\$ 71,479,776</u>

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 1,200 hours a year (880 hours teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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 executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees.

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

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, including Teachers, 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 \$505,385 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the city reported a liability of \$1,610,743 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the city's proportion was 0.04527502%, which was an increase of 0.00367426% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized pension expense of \$1,048,767.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, 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	\$ 1,254,525	\$ 2,217,549
Changes in assumptions	271,512	-
Net differences between projected and actual earnings on pension plan investments	2,352,380	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	35,264
Employer contributions subsequent to the measurement date	521,492	-
Totals	\$ 4,399,909	\$ 2,252,813

\$521,492 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 585,719
2021	141,230
2022	256,890
2023	641,765

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

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

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$6,401,262	\$1,610,743	\$(1,951,379)

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, 2019, 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.

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 approximately less than 1%.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

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

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

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

The city has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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 city has paid a total of \$1,223,197 as of December 31, 2019 for principal and interest.

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 2019 the city did not make a payment. 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.

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 that 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 \$469,821 for operating and capital costs to the district for 2019. 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 \$652,942 in the district that is accounted for in the governmental activities.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

E. ECONOMIC DEPENDENCY

Stormwater Utility

The Stormwater Utility has one significant customer who was responsible for 17% of operating revenues in 2019.

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

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

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 91, *Conduit Debt Obligations*

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, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
Property	\$ 4,961,928	\$ 4,966,778	\$ 4,850
Use tax penalty	-	4,573	4,573
Other taxes	<u>170,000</u>	<u>196,564</u>	<u>26,564</u>
Total Taxes	<u>5,131,928</u>	<u>5,167,915</u>	<u>35,987</u>
INTERGOVERNMENTAL REVENUES			
State aid - shared taxes	132,042	132,689	647
State expenditure restraint	34,076	34,076	-
State aid - road aid	937,799	937,369	(430)
State aid - exempt computer aid	163,729	167,691	3,962
State aid personal property tax aid	122,083	122,083	-
Other state payments	-	236	236
Payments for municipal services	<u>26,000</u>	<u>9,505</u>	<u>(16,495)</u>
Total Intergovernmental Revenues	<u>1,415,729</u>	<u>1,403,649</u>	<u>(12,080)</u>
PUBLIC CHARGES FOR SERVICES			
Photocopies	-	790	790
Parks	39,000	42,848	3,848
Shelter and rental fees	8,000	7,284	(716)
Recreation programs	163,675	150,409	(13,266)
Swimming areas	16,000	29,815	13,815
Fairs, exhibits and celebrations	20,200	31,503	11,303
Stadium	2,000	1,035	(965)
Other public charges for services	<u>54,500</u>	<u>56,237</u>	<u>1,737</u>
Total Public Charges for Services	<u>303,375</u>	<u>319,921</u>	<u>16,546</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	110,000	123,796	13,796
Parking violations	<u>20,000</u>	<u>8,480</u>	<u>(11,520)</u>
Total Fines, Forfeitures and Penalties	<u>130,000</u>	<u>132,276</u>	<u>2,276</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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	\$ 33,600	\$ 39,744	\$ 6,144
Operators' license	7,000	8,220	1,220
Cigarette licenses	900	975	75
Amusement device licenses	4,800	3,800	(1,000)
Bicycle licenses	-	18	18
Dog licenses	5,000	7,367	2,367
Building permits	388,923	125,865	(263,058)
Electrical permits	82,125	64,632	(17,493)
Plumbing permits	86,412	61,007	(25,405)
Heating and air conditioning permits	90,623	61,336	(29,287)
Erosion control permits	103,254	12,151	(91,103)
Plan review fees	85,303	113,810	28,507
Other regulatory permits and fees	<u>3,800</u>	<u>8,665</u>	<u>4,865</u>
Total Licenses and Permits	<u>891,740</u>	<u>507,590</u>	<u>(384,150)</u>
INVESTMENT INCOME			
Interest on investments	<u>230,000</u>	<u>784,755</u>	<u>554,755</u>
MISCELLANEOUS REVENUES			
Miscellaneous revenues	<u>-</u>	<u>56</u>	<u>56</u>
Total Revenues	<u>8,102,772</u>	<u>8,316,162</u>	<u>213,390</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Mayor and city council	144,424	152,316	(7,892)
Municipal court	105,727	97,151	8,576
Administration	943,559	956,659	(13,100)
General buildings/plant/hall	98,220	87,953	10,267
Other insurance	120,000	141,701	(21,701)
Other general government	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Total General Government	<u>1,491,930</u>	<u>1,435,780</u>	<u>56,150</u>
PUBLIC SAFETY			
Police	3,757,919	3,427,064	330,855
Emergency government	10,700	17,190	(6,490)
Hydrant rental	<u>500,000</u>	<u>518,208</u>	<u>(18,208)</u>
Total Public Safety	<u>4,268,619</u>	<u>3,962,462</u>	<u>306,157</u>
PUBLIC WORKS			
Highway	<u>1,541,116</u>	<u>1,503,799</u>	<u>37,317</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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CULTURE, RECREATION AND EDUCATION			
Parks	\$ 658,145	\$ 650,480	\$ 7,665
Recreation programs and events	83,778	114,775	(30,997)
Recreation administration	178,652	157,487	21,165
Recreation facilities	13,500	17,315	(3,815)
Swimming areas	<u>33,750</u>	<u>34,729</u>	<u>(979)</u>
Total Culture, Recreation and Education	<u>967,825</u>	<u>974,786</u>	<u>(6,961)</u>
CONSERVATION AND DEVELOPMENT			
Building Inspection	276,138	262,854	13,284
Planning	247,399	154,861	92,538
Tourism/city beautification	<u>40,000</u>	<u>19,072</u>	<u>20,928</u>
Total Conservation and Development	<u>563,537</u>	<u>436,787</u>	<u>126,750</u>
CAPITAL OUTLAY			
Capital Outlay	<u>29,745</u>	<u>32,171</u>	<u>(2,426)</u>
Total Expenditures	<u>8,862,772</u>	<u>8,345,785</u>	<u>516,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(760,000)</u>	<u>(29,623)</u>	<u>730,377</u>
OTHER FINANCING SOURCES (USES)			
Transfers in - utility PILOT	760,000	704,226	(55,774)
Transfers out	<u>(460,000)</u>	<u>(460,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>244,226</u>	<u>(55,774)</u>
Net Change in Fund Balance	(460,000)	214,603	674,603
FUND BALANCE - Beginning of Year	<u>4,575,714</u>	<u>4,575,714</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 4,115,714</u></u>	<u><u>\$ 4,790,317</u></u>	<u><u>\$ 674,603</u></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, 2019

Fiscal Year Ending	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/19	0.04527502%	\$ 1,610,743	\$ 5,977,401	26.95%	96.45%
12/31/18	0.04160076%	(1,235,175)	5,372,913	22.99%	102.93%
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, 2019

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/19	\$ 521,492	\$ 521,492	\$ -	\$ 6,254,499	8.34%
12/31/18	503,440	503,440	-	5,977,401	8.42%
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, 2019

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

SUPPLEMENTARY INFORMATION

CITY OF VERONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Funds		
	Senior Citizens Center	Refuse and Recycling	Forestry
ASSETS			
Cash and investments	\$ 223,701	\$ 200,084	\$ 28,635
Receivables			
Taxes	510,944	714,007	14,000
Accounts	-	4,641	-
Promissory notes	-	-	-
Due from other governments	-	2,258	-
Prepaid items	495	495	-
Restricted cash	-	-	-
	<u>\$ 735,140</u>	<u>\$ 921,485</u>	<u>\$ 42,635</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 5,960	\$ 7,160	\$ -
Accrued liabilities	12,438	8,828	-
Advances from other funds	-	-	-
Total Liabilities	<u>18,398</u>	<u>15,988</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	-	2,258	-
Unearned revenues	510,944	714,007	14,000
Total Deferred Inflows of Resources	<u>510,944</u>	<u>716,265</u>	<u>14,000</u>
Fund Balances (Deficit)			
Nonspendable	495	495	-
Restricted	-	-	-
Committed	205,303	188,737	28,635
Unassigned (Deficit)	-	-	-
Total Fund Balances (Deficit)	<u>205,798</u>	<u>189,232</u>	<u>28,635</u>
	<u>\$ 735,140</u>	<u>\$ 921,485</u>	<u>\$ 42,635</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
\$ 589,703	\$ -	\$ 364,357	\$ 671,087	\$ 917,974	\$ 604,198	\$ 296,614
-	-	1,325,660	-	1,224,748	567,511	-
37,396	-	-	-	-	104,629	800
-	-	-	88,155	-	-	-
-	-	-	-	-	-	-
495	-	495	-	495	-	-
<u>-</u>	<u>2,764,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 627,594</u>	<u>\$ 2,764,956</u>	<u>\$ 1,690,512</u>	<u>\$ 759,242</u>	<u>\$ 2,143,217</u>	<u>\$ 1,276,338</u>	<u>\$ 297,414</u>
\$ -	\$ -	\$ 31,287	\$ -	\$ 11,450	\$ 204,947	\$ -
3,028	-	58,374	-	55,425	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,028</u>	<u>-</u>	<u>89,661</u>	<u>-</u>	<u>66,875</u>	<u>204,947</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>1,325,660</u>	<u>-</u>	<u>1,224,748</u>	<u>567,511</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>1,325,660</u>	<u>-</u>	<u>1,224,748</u>	<u>567,511</u>	<u>-</u>
495	-	495	-	495	-	-
-	2,764,956	274,696	-	-	-	297,414
624,071	-	-	759,242	851,099	503,880	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>624,566</u>	<u>2,764,956</u>	<u>275,191</u>	<u>759,242</u>	<u>851,594</u>	<u>503,880</u>	<u>297,414</u>
<u>\$ 627,594</u>	<u>\$ 2,764,956</u>	<u>\$ 1,690,512</u>	<u>\$ 759,242</u>	<u>\$ 2,143,217</u>	<u>\$ 1,276,338</u>	<u>\$ 297,414</u>

CITY OF VERONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Capital Projects Funds		
	Revolving Funds	TIF District No. 4	TIF District No. 6
ASSETS			
Cash and investments	\$ 1,755,946	\$ 16,790	\$ 2,241,776
Receivables			
Taxes	576,400	712,915	1,463,472
Accounts	-	-	-
Promissory notes	-	22,440	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Restricted cash	-	-	-
	<u>\$ 2,332,346</u>	<u>\$ 752,145</u>	<u>\$ 3,705,248</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 739	\$ 84,046
Accrued liabilities	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>-</u>	<u>739</u>	<u>84,046</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Unearned revenues	576,400	712,915	1,463,472
Total Deferred Inflows of Resources	<u>576,400</u>	<u>712,915</u>	<u>1,463,472</u>
Fund Balances (Deficit)			
Nonspendable	-	-	-
Restricted	-	38,491	2,157,730
Committed	1,755,946	-	-
Unassigned (Deficit)	-	-	-
Total Fund Balances (Deficit)	<u>1,755,946</u>	<u>38,491</u>	<u>2,157,730</u>
	<u>\$ 2,332,346</u>	<u>\$ 752,145</u>	<u>\$ 3,705,248</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>TIF District No. 8</u>	<u>TIF District No. 9</u>	<u>TIF District No. 10</u>	
\$ -	\$ -	\$ -	\$ 7,910,865
-	8,497	-	7,118,154
-	-	-	147,466
-	-	-	110,595
-	-	-	2,258
-	-	-	2,475
-	-	-	<u>2,764,956</u>
<u>\$ -</u>	<u>\$ 8,497</u>	<u>\$ -</u>	<u>\$ 18,056,769</u>
\$ -	\$ -	\$ -	\$ 345,589
-	-	-	138,093
<u>28,331</u>	<u>34,649</u>	<u>13,400</u>	<u>76,380</u>
<u>28,331</u>	<u>34,649</u>	<u>13,400</u>	<u>560,062</u>
-	-	-	2,258
-	<u>8,497</u>	-	<u>7,118,154</u>
-	<u>8,497</u>	-	<u>7,120,412</u>
-	-	-	2,475
-	-	-	5,533,287
-	-	-	4,916,913
<u>(28,331)</u>	<u>(34,649)</u>	<u>(13,400)</u>	<u>(76,380)</u>
<u>(28,331)</u>	<u>(34,649)</u>	<u>(13,400)</u>	<u>10,376,295</u>
<u>\$ -</u>	<u>\$ 8,497</u>	<u>\$ -</u>	<u>\$ 18,056,769</u>

CITY OF VERONA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue Funds		
	Senior Citizens Center	Refuse and Recycling	Forestry
REVENUES			
Taxes	\$ 508,857	\$ 10,000	\$ 14,000
Intergovernmental	-	21,906	-
Public charges for services	22,552	696,891	17,925
Fines, forfeitures and penalties	-	-	-
Licenses and permits	-	-	-
Investment income	-	-	-
Miscellaneous revenues	10	554	-
Total Revenues	531,419	729,351	31,925
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	723,606	46,546
Health and human services	425,860	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	425,860	723,606	46,546
Excess (deficiency) of revenues over expenditures	105,559	5,745	(14,621)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	105,559	5,745	(14,621)
FUND BALANCES (DEFICIT) - Beginning of Year	100,239	183,487	43,256
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 205,798	\$ 189,232	\$ 28,635

Special Revenue Funds

Cable Franchise	Impact Fees	Library	Economic Development Commission	Fire Department	Special Accounts	Cemetery
\$ -	\$ -	\$ 1,241,073	\$ -	\$ 1,322,557	\$ 975,928	\$ -
-	-	874,612	-	339,780	444,128	-
-	888,470	8,253	-	-	-	18,245
-	-	10,194	-	-	-	-
148,005	-	-	-	14,775	-	-
-	56,049	-	2,560	-	-	6,384
-	-	77,648	-	7,145	57,220	-
<u>148,005</u>	<u>944,519</u>	<u>2,211,780</u>	<u>2,560</u>	<u>1,684,257</u>	<u>1,477,276</u>	<u>24,629</u>
-	-	-	-	1,443,445	526,508	-
-	-	-	-	-	444,128	-
-	-	-	-	-	-	10,796
79,013	-	1,881,014	-	-	6,021	-
-	-	-	-	-	384,834	-
-	-	41,480	-	49,728	-	-
-	-	-	-	-	-	-
<u>79,013</u>	<u>-</u>	<u>1,922,494</u>	<u>-</u>	<u>1,493,173</u>	<u>1,361,491</u>	<u>10,796</u>
<u>68,992</u>	<u>944,519</u>	<u>289,286</u>	<u>2,560</u>	<u>191,084</u>	<u>115,785</u>	<u>13,833</u>
-	-	-	-	5,982	-	-
-	-	55,000	-	-	-	-
-	(410,000)	(385,244)	-	-	-	-
-	(410,000)	(330,244)	-	5,982	-	-
68,992	534,519	(40,958)	2,560	197,066	115,785	13,833
<u>555,574</u>	<u>2,230,437</u>	<u>316,149</u>	<u>756,682</u>	<u>654,528</u>	<u>388,095</u>	<u>283,581</u>
<u>\$ 624,566</u>	<u>\$ 2,764,956</u>	<u>\$ 275,191</u>	<u>\$ 759,242</u>	<u>\$ 851,594</u>	<u>\$ 503,880</u>	<u>\$ 297,414</u>

CITY OF VERONA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	<u>Capital Projects Funds</u>		
	<u>Revolving Funds</u>	<u>TIF District No. 4</u>	<u>TIF District No. 6</u>
REVENUES			
Taxes	\$ 510,000	\$ 687,566	\$ 2,043,425
Intergovernmental	32,188	8,010	20,680
Public charges for services	-	-	-
Fines, forfeitures and penalties	-	-	-
Licenses and permits	-	-	-
Investment income	40,150	6,215	45,120
Miscellaneous revenues	17,338	-	38,936
Total Revenues	<u>599,676</u>	<u>701,791</u>	<u>2,148,161</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	-
Health and human services	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	124,028	-
Capital Outlay	298,428	18,901	1,798,365
Debt Service			
Principal	-	445,000	704,943
Interest and fiscal charges	-	49,129	98,424
Total Expenditures	<u>298,428</u>	<u>637,058</u>	<u>2,601,732</u>
Excess (deficiency) of revenues over expenditures	<u>301,248</u>	<u>64,733</u>	<u>(453,571)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	13,949	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>13,949</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	315,197	64,733	(453,571)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,440,749</u>	<u>(26,242)</u>	<u>2,611,301</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,755,946</u>	<u>\$ 38,491</u>	<u>\$ 2,157,730</u>

<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
<u>TIF District No. 8</u>	<u>TIF District No. 9</u>	<u>TIF District No. 10</u>		
\$ -	\$ 3,939	\$ -	\$ 7,317,345	
-	-	-	1,741,304	
-	-	-	1,652,336	
-	-	-	10,194	
-	-	-	162,780	
-	-	-	156,478	
-	-	-	198,851	
<u>-</u>	<u>3,939</u>	<u>-</u>	<u>11,239,288</u>	
-	-	-	1,969,953	
-	-	-	1,214,280	
-	-	-	436,656	
-	-	-	1,966,048	
2,881	10,931	13,400	536,074	
-	-	-	2,206,902	
-	-	-	1,149,943	
<u>-</u>	<u>-</u>	<u>-</u>	<u>147,553</u>	
<u>2,881</u>	<u>10,931</u>	<u>13,400</u>	<u>9,627,409</u>	
<u>(2,881)</u>	<u>(6,992)</u>	<u>(13,400)</u>	<u>1,611,879</u>	
-	-	-	19,931	
-	-	-	55,000	
<u>-</u>	<u>-</u>	<u>-</u>	<u>(795,244)</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>(720,313)</u>	
(2,881)	(6,992)	(13,400)	891,566	
<u>(25,450)</u>	<u>(27,657)</u>	<u>-</u>	<u>9,484,729</u>	
<u>\$ (28,331)</u>	<u>\$ (34,649)</u>	<u>\$ (13,400)</u>	<u>\$ 10,376,295</u>	