

CITY OF VERONA

Verona, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

CITY OF VERONA

TABLE OF CONTENTS As of and for the Year Ended December 31, 2014

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1 - 2
Statement of Activities	3 - 4
Fund Financial Statements	
Balance Sheet - Governmental Funds	5 - 6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8 - 9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position - Proprietary Funds	11 - 12
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	13
Statement of Cash Flows - Proprietary Funds	14 - 15
Statement of Assets and Liabilities - Agency Fund	16
Index to Notes to Financial Statements	17
Notes to Financial Statements	18 - 56
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	57 - 59
Notes to Required Supplementary Information	60
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	61 - 63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	64 - 66
Statement of Cash Flows - Component Unit	67

INDEPENDENT AUDITORS' REPORT

To the City Council
City of River Falls
River Falls, 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 discretely presented component unit and remaining fund information of the City of River Falls, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of River Falls' 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 River Falls' 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 River Falls' 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.

To the City Council
City of Verona

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Verona, Wisconsin, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Verona's basic financial statements. The combining and component unit financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and component unit financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Vinchow Krause, LLP

Madison, Wisconsin
June 15, 2015

CITY OF VERONA

STATEMENT OF NET POSITION As of December 31, 2014

	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS				
Cash and investments	\$ 36,961,063	\$ 4,573,046	\$ 41,534,109	\$ -
Receivables (net)				
Taxes receivable	20,934,522	-	20,934,522	-
Delinquent personal property taxes	12,363	-	12,363	-
Accounts	273,956	900,855	1,174,811	27,688
Special assessments	9,285	23,547	32,832	-
Loans	240,023	-	240,023	-
Other	30,685	-	30,685	-
Leases receivable from primary government	-	-	-	5,910,000
Due from other governmental units	2,123	3,025	5,148	-
Due from component unit/to primary government	1,163,719	-	1,163,719	(1,163,719)
Internal balances	(83,664)	83,664	-	-
Inventories	-	26,796	26,796	-
Prepaid items	197,493	8,112	205,605	-
Restricted assets				
Cash and investments	1,928,006	1,159,719	3,087,725	1,163,719
Other assets	-	531,603	531,603	-
Investment in joint venture	282,418	-	282,418	-
Capital Assets				
Capital assets not being depreciated	19,953,881	2,948,402	22,902,283	-
Other capital assets net of accumulated depreciation	46,637,187	63,698,389	110,335,576	-
Total Assets	<u>128,543,060</u>	<u>73,957,158</u>	<u>202,500,218</u>	<u>5,937,688</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	306,810	25,068	331,878	-
Total Deferred Outflows of Resources	<u>306,810</u>	<u>25,068</u>	<u>331,878</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,514,387	277,116	1,791,503	-
Other accrued liabilities	117,466	41,031	158,497	-
Due to other governmental units	15,142	-	15,142	-
Accrued interest	357,974	-	357,974	27,688
Deposits	13,624	-	13,624	-
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	-	420,000	420,000	-
Accrued interest	-	9,428	9,428	-
Noncurrent Liabilities				
Due within one year	5,000,958	324,700	5,325,658	980,000
Due in more than one year	38,662,156	5,176,891	43,839,047	4,930,000
Total Liabilities	<u>45,681,707</u>	<u>6,249,166</u>	<u>51,930,873</u>	<u>5,937,688</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	20,869,594	-	20,869,594	-
Unamortized gain on refunding	-	3,483	3,483	-
Total Deferred Inflows of Resources	<u>20,869,594</u>	<u>3,483</u>	<u>20,873,077</u>	<u>-</u>

See accompanying notes to financial statements.

	Governmental Activities	Business-type Activities	Totals	Component Unit
NET POSITION				
Net investment in capital assets	\$ 31,900,881	\$ 60,864,845	\$ 89,960,649	\$ -
Restricted for				
Debt service	-	661,941	661,941	-
TIF debt service	1,375,744	-	1,375,744	-
TIF activity	23,336,101	-	23,336,101	-
Library	225,577	-	225,577	-
Impact fees	1,928,006	-	1,928,006	-
Equipment replacement	-	60,900	60,900	-
Depreciation	-	427,450	427,450	-
Unrestricted	<u>3,532,260</u>	<u>5,714,441</u>	<u>12,051,778</u>	-
TOTAL NET POSITION	<u>\$ 62,298,569</u>	<u>\$ 67,729,577</u>	<u>\$130,028,146</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,219,129	\$ 343,852	\$ 27,504	\$ -
Public safety	5,675,819	630,147	225,171	703,167
Health and human services	387,383	42,906	-	-
Public works	3,722,253	1,018,417	691,273	1,850,395
Culture, education and recreation	2,323,144	361,162	560,876	263,110
Conservation and development	1,405,939	58,246	299	90,751
Interest and fiscal charges	<u>1,427,644</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>16,161,311</u>	<u>2,454,730</u>	<u>1,505,123</u>	<u>2,907,423</u>
Business-type Activities				
Water Utility	1,458,129	1,888,220	-	896,489
Sewer Utility	1,715,104	1,371,699	-	1,245,307
Stormwater Utility	<u>576,814</u>	<u>460,444</u>	<u>-</u>	<u>687,703</u>
Total Business-type Activities	<u>3,750,047</u>	<u>3,720,363</u>	<u>-</u>	<u>2,829,499</u>
Total Primary Government	<u>\$ 19,911,358</u>	<u>\$ 6,175,093</u>	<u>\$ 1,505,123</u>	<u>\$ 5,736,922</u>
Component Unit				
Community Development Authority	<u>\$ 325,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Property taxes, levied for TIF districts
Other taxes
Intergovernmental revenues not restricted to specific programs
Public gifts and grants
Investment income
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Community Development Authority
\$ (847,773)	\$ -	\$ (847,773)	\$ -
(4,117,334)	-	(4,117,334)	-
(344,477)	-	(344,477)	-
(162,168)	-	(162,168)	-
(1,137,996)	-	(1,137,996)	-
(1,256,643)	-	(1,256,643)	-
<u>(1,427,644)</u>	<u>-</u>	<u>(1,427,644)</u>	<u>-</u>
<u>(9,294,035)</u>	<u>-</u>	<u>(9,294,035)</u>	<u>-</u>
-	1,326,580	1,326,580	-
-	901,902	901,902	-
-	<u>571,333</u>	<u>571,333</u>	-
-	<u>2,799,815</u>	<u>2,799,815</u>	-
<u>(9,294,035)</u>	<u>2,799,815</u>	<u>(6,494,220)</u>	<u>-</u>
-	-	-	(325,032)
6,402,846	-	6,402,846	-
2,074,775	-	2,074,775	-
10,081,824	-	10,081,824	-
228,348	-	228,348	-
924,030	-	924,030	-
146,855	-	146,855	-
725,025	11,851	736,876	325,032
<u>84,562</u>	<u>-</u>	<u>84,562</u>	<u>-</u>
<u>659,947</u>	<u>(659,947)</u>	<u>-</u>	<u>-</u>
<u>21,328,212</u>	<u>(648,096)</u>	<u>20,680,116</u>	<u>325,032</u>
12,034,177	2,151,719	14,185,896	-
<u>50,264,392</u>	<u>65,577,858</u>	<u>115,842,250</u>	<u>-</u>
<u>\$ 62,298,569</u>	<u>\$ 67,729,577</u>	<u>\$ 130,028,146</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF VERONA

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement Program</u>	<u>TIF District No. 7</u>
ASSETS				
Cash and investments	\$ 2,800,486	\$ 269,788	\$ 8,006,770	\$ 21,002,269
Receivables				
Taxes	4,007,841	2,833,480	182,951	8,714,967
Delinquent personal property tax	12,363	-	-	-
Accounts	203,232	-	-	-
Special assessments	2,032	7,253	-	-
Promissory notes	-	-	-	-
Other	30,685	-	-	-
Due from component units	-	-	-	613,252
Due from other governments	-	-	-	-
Prepaid items	<u>3,628</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 7,060,267</u>	<u>\$ 3,110,521</u>	<u>\$ 8,189,721</u>	<u>\$ 30,330,488</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 296,168	\$ -	\$ 602,364	\$ 79,300
Accrued liabilities	77,111	-	-	-
Deposits	13,624	-	-	-
Due to other governments	15,142	-	-	-
Due to other funds	<u>83,664</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>485,709</u>	<u>-</u>	<u>602,364</u>	<u>79,300</u>
Deferred Inflows of Resources				
Unavailable revenues	12,666	-	32,246	-
Unearned revenues	<u>3,935,660</u>	<u>2,840,733</u>	<u>182,951</u>	<u>8,714,967</u>
Total Deferred Inflows of Resources	<u>3,948,326</u>	<u>2,840,733</u>	<u>215,197</u>	<u>8,714,967</u>
Fund Balances				
Nonspendable	3,628	-	-	-
Restricted	-	269,788	4,773,382	21,536,221
Committed	-	-	-	-
Assigned	200,000	-	2,598,778	-
Unassigned	<u>2,422,604</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,626,232</u>	<u>269,788</u>	<u>7,372,160</u>	<u>21,536,221</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,060,267</u>	<u>\$ 3,110,521</u>	<u>\$ 8,189,721</u>	<u>\$ 30,330,488</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 6,689,410	\$ 38,768,723
5,195,283	20,934,522
-	12,363
70,724	273,956
-	9,285
240,023	240,023
-	30,685
550,467	1,163,719
2,123	2,123
<u>6,491</u>	<u>10,119</u>
<u>\$ 12,754,521</u>	<u>\$ 61,445,518</u>

\$ 536,739	\$ 1,514,571
40,171	117,282
-	13,624
-	15,142
-	<u>83,664</u>
<u>576,910</u>	<u>1,744,283</u>

241,326	286,238
<u>5,195,283</u>	<u>20,869,594</u>
<u>5,436,609</u>	<u>21,155,832</u>

6,491	10,119
5,117,773	31,697,164
1,616,738	1,616,738
-	2,798,778
-	<u>2,422,604</u>
<u>6,741,002</u>	<u>38,545,403</u>

<u>\$ 12,754,521</u>	<u>\$ 61,445,518</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, 2014

Total Fund Balances - Governmental Funds	\$ 38,545,403
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.	66,591,068
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.	286,238
The city's investment in the joint venture is not a financial resource and, therefore, is not reported in the funds.	282,418
Internal service funds are reported in the statement of net position as governmental activities.	307,720
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>(43,714,278)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 62,298,569</u></u>

CITY OF VERONA

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

For the Year Ended December 31, 2014

	General	Debt Service	Capital Improvement Program	TIF District No. 7
REVENUES				
Taxes	\$ 3,585,005	\$ 2,074,775	\$ 162,113	\$ 8,683,847
Intergovernmental	1,056,900	-	-	274,688
Public charges for services	233,608	-	266,544	-
Fines, forfeitures and penalties	108,659	-	-	-
Licenses and permits	692,760	-	-	-
Investment income	307,315	-	34	345,297
Miscellaneous	666	-	99,712	-
Total Revenues	5,984,913	2,074,775	528,403	9,303,832
EXPENDITURES				
Current				
General government	1,103,586	-	-	-
Public safety	3,338,773	-	-	-
Public works	1,125,626	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	719,764	-	-	-
Conservation and development	364,774	-	-	657,900
Capital Outlay	-	-	4,135,389	353,413
Debt Service				
Principal	-	2,386,443	32,674	3,400
Interest and fiscal charges	-	810,428	67,433	2,253
Principal payments on capital lease	-	-	-	530,000
Interest payments on capital lease	-	-	-	280,271
Total Expenditures	6,652,523	3,196,871	4,235,496	1,827,237
Excess (deficiency) of revenues over expenditures	(667,610)	(1,122,096)	(3,707,093)	7,476,595
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	8,690,000	-
Premium on debt issued	-	338,092	-	-
Sales of capital assets	-	-	-	-
Transfers in	659,947	838,706	-	-
Transfers out	-	-	(70,000)	-
Total Other Financing Sources (Uses)	659,947	1,176,798	8,620,000	-
Net Change in Fund Balances	(7,663)	54,702	4,912,907	7,476,595
FUND BALANCES - Beginning of Year	2,633,895	215,086	2,459,253	14,059,626
FUND BALANCES - END OF YEAR	\$ 2,626,232	\$ 269,788	\$ 7,372,160	\$ 21,536,221

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 4,312,987	\$ 18,818,727
1,296,886	2,628,474
1,962,315	2,462,467
31,262	139,921
115,828	808,588
72,379	725,025
<u>222,620</u>	<u>322,998</u>
<u>8,014,277</u>	<u>25,906,200</u>
826	1,104,412
1,293,285	4,632,058
973,854	2,099,480
349,505	349,505
1,363,424	2,083,188
353,341	1,376,015
1,010,347	5,499,149
541,801	2,964,318
187,772	1,067,886
390,000	920,000
<u>44,769</u>	<u>325,040</u>
<u>6,508,924</u>	<u>22,421,051</u>
<u>1,505,353</u>	<u>3,485,149</u>
-	8,690,000
-	338,092
1,400	1,400
116,575	1,615,228
<u>(885,281)</u>	<u>(955,281)</u>
<u>(767,306)</u>	<u>9,689,439</u>
738,047	13,174,588
<u>6,002,955</u>	<u>25,370,815</u>
<u>\$ 6,741,002</u>	<u>\$ 38,545,403</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, 2014

Net change in fund balances - total governmental funds	\$	13,174,588
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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		5,499,149
Some items reported as capital outlay were not capitalized		(487,182)
Depreciation is reported in the government-wide financial statements		(1,796,547)
Net book value of capital assets disposed		(12,663)

Contributed capital assets are reported as revenues in the government-wide financial statements.		1,642,417
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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.		(44,668)
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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		(8,690,000)
Principal repaid		3,884,318

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		(280,067)

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		(130,094)
Amortization of the deferred loss on refunding		(57,654)
Accrued interest on debt		(35,108)

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.		(671,112)
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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		38,800
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>12,034,177</u>
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See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
ASSETS					
Current Assets					
Cash and investments	\$ 2,700,400	\$ 1,204,690	\$ 667,956	\$ 4,573,046	\$ 120,346
Receivables					
Other receivables	318,723	465,850	116,282	900,855	-
Due from other governments	1,128	1,487	410	3,025	-
Due from other funds	34,048	41,200	8,416	83,664	-
Inventories	26,796	-	-	26,796	-
Prepaid items	3,300	2,650	2,162	8,112	187,374
Restricted Assets					
Redemption account	150,763	103,666	-	254,429	-
Total Current Assets	<u>3,235,158</u>	<u>1,819,543</u>	<u>795,226</u>	<u>5,849,927</u>	<u>307,720</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	220,021	196,919	-	416,940	-
Depreciation account	377,760	49,690	-	427,450	-
Replacement account	-	60,900	-	60,900	-
Capital Assets					
Intangible assets	-	-	112,000	112,000	-
Land	65,089	-	2,881,480	2,946,569	-
Construction in progress	1,833	-	-	1,833	-
Utility Plant	35,720,784	18,852,639	22,800,142	77,373,565	-
Less: Accumulated depreciation	(6,026,809)	(3,874,798)	(3,885,569)	(13,787,176)	-
Other Assets					
Special assessments receivable	2,312	21,235	-	23,547	-
Unamortized investment in interceptor	-	407,632	-	407,632	-
Unamortized capacity charge	-	123,971	-	123,971	-
Total Noncurrent Assets	<u>30,360,990</u>	<u>15,838,188</u>	<u>21,908,053</u>	<u>68,107,231</u>	<u>-</u>
Total Assets	<u>33,596,148</u>	<u>17,657,731</u>	<u>22,703,279</u>	<u>73,957,158</u>	<u>307,720</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on advance refunding	<u>11,655</u>	<u>7,137</u>	<u>6,276</u>	<u>25,068</u>	<u>-</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 58,077	\$ 213,955	\$ 5,084	\$ 277,116	\$ -
Accrued wages	10,517	3,246	2,342	16,105	-
Accrued interest	16,632	1,227	7,067	24,926	-
Current portion of general obligation debt	91,600	113,100	120,000	324,700	-
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	250,299	169,701	-	420,000	-
Accrued interest	4,755	4,673	-	9,428	-
Total Current Liabilities	<u>431,880</u>	<u>505,902</u>	<u>134,493</u>	<u>1,072,275</u>	<u>-</u>
Noncurrent Liabilities					
Long-Term Debt					
General obligation	1,550,250	165,202	1,020,000	2,735,452	-
Revenue bonds	1,171,864	1,103,134	-	2,274,998	-
Accrued compensated absences	41,865	36,208	39,987	118,060	-
Unamortized premium	24,709	2,079	21,593	48,381	-
Total Noncurrent Liabilities	<u>2,788,688</u>	<u>1,306,623</u>	<u>1,081,580</u>	<u>5,176,891</u>	<u>-</u>
Total Liabilities	<u>3,220,568</u>	<u>1,812,525</u>	<u>1,216,073</u>	<u>6,249,166</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unamortized gain on refunding	-	-	3,483	3,483	-
NET POSITION					
Net investment in capital assets	26,683,830	13,431,762	20,749,253	60,864,845	-
Restricted for					
Debt service	366,029	295,912	-	661,941	-
Equipment replacement	-	60,900	-	60,900	-
Depreciation	377,760	49,690	-	427,450	-
Unrestricted	<u>2,959,616</u>	<u>2,014,079</u>	<u>740,746</u>	<u>5,714,441</u>	<u>307,720</u>
TOTAL NET POSITION	<u>\$ 30,387,235</u>	<u>\$ 15,852,343</u>	<u>\$ 21,489,999</u>	<u>\$ 67,729,577</u>	<u>\$ 307,720</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, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Totals	
OPERATING REVENUES					
Charges for services	\$ 1,888,220	\$ 1,371,699	\$ 460,444	\$ 3,720,363	\$ 1,253,077
Total Operating Revenues	<u>1,888,220</u>	<u>1,371,699</u>	<u>460,444</u>	<u>3,720,363</u>	<u>1,253,077</u>
OPERATING EXPENSES					
Operation and maintenance	618,804	1,164,588	216,594	1,999,986	-
Depreciation	730,352	320,905	335,757	1,387,014	-
Insurance services	-	-	-	-	1,214,277
Total Operating Expenses	<u>1,349,156</u>	<u>1,485,493</u>	<u>552,351</u>	<u>3,387,000</u>	<u>1,214,277</u>
Operating Income (Loss)	<u>539,064</u>	<u>(113,794)</u>	<u>(91,907)</u>	<u>333,363</u>	<u>38,800</u>
NONOPERATING REVENUES (EXPENSES)					
Interest expense	(108,647)	(67,813)	(28,851)	(205,311)	-
Amortization	(326)	(3,858)	4,388	204	-
Investment income	6,710	3,455	1,686	11,851	-
Amortization of investment in interceptor	-	(33,969)	-	(33,969)	-
Amortization of capacity charge	-	(123,971)	-	(123,971)	-
Total Nonoperating Revenues (Expenses)	<u>(102,263)</u>	<u>(226,156)</u>	<u>(22,777)</u>	<u>(351,196)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>436,801</u>	<u>(339,950)</u>	<u>(114,684)</u>	<u>(17,833)</u>	<u>38,800</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	896,489	1,245,307	687,703	2,829,499	-
Transfers out	(659,947)	-	-	(659,947)	-
Total Contributions and Transfers	<u>236,542</u>	<u>1,245,307</u>	<u>687,703</u>	<u>2,169,552</u>	<u>-</u>
Change in Net Position	<u>673,343</u>	<u>905,357</u>	<u>573,019</u>	<u>2,151,719</u>	<u>38,800</u>
NET POSITION - Beginning of Year	<u>29,713,892</u>	<u>14,946,986</u>	<u>20,916,980</u>	<u>65,577,858</u>	<u>268,920</u>
NET POSITION - END OF YEAR	<u>\$ 30,387,235</u>	<u>\$ 15,852,343</u>	<u>\$ 21,489,999</u>	<u>\$ 67,729,577</u>	<u>\$ 307,720</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014

	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	\$ 1,447,866	\$ 1,358,557	\$ 459,760	\$ 3,266,183	\$ 1,255,287
Received from city for services	464,096	-	-	464,096	-
Paid to suppliers for goods and services	(412,935)	(1,049,099)	(133,004)	(1,595,038)	(1,238,378)
Paid to employees for services	(201,563)	(108,214)	(83,691)	(393,468)	-
Net Cash Flows From Operating Activities	<u>1,297,464</u>	<u>201,244</u>	<u>243,065</u>	<u>1,741,773</u>	<u>16,909</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	6,710	3,455	1,686	11,851	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(659,947)	-	-	(659,947)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(340,365)	(260,785)	(115,000)	(716,150)	-
Interest paid	(111,167)	(68,506)	(30,516)	(210,189)	-
Acquisitions and construction of capital assets	(881,277)	(48,026)	(18,248)	(947,551)	-
Capital contributions received	106,049	250,420	8,824	365,293	-
Net Cash Flows From Capital and Related Financing Activities	<u>(1,226,760)</u>	<u>(126,897)</u>	<u>(154,940)</u>	<u>(1,508,597)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(582,533)	77,802	89,811	(414,920)	16,909
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,031,477</u>	<u>1,538,063</u>	<u>578,145</u>	<u>6,147,685</u>	<u>103,437</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,448,944</u>	<u>\$ 1,615,865</u>	<u>\$ 667,956</u>	<u>\$ 5,732,765</u>	<u>\$ 120,346</u>

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)	\$ 539,064	\$ (113,794)	\$ (91,907)	\$ 333,363	\$ 38,800
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	730,352	320,905	335,757	1,387,014	-
Depreciation charged to other funds	33,384	-	-	33,384	-
Changes in assets and liabilities					
Accounts receivable	(9,065)	(12,748)	(153)	(21,966)	2,210
Due from other funds	(577)	(394)	(531)	(1,502)	-
Materials and supplies	(1,265)	-	-	(1,265)	-
Prepayments	(2,862)	(2,212)	(2,162)	(7,236)	(24,101)
Accounts payable	5,581	10,355	2,481	18,417	-
Other current liabilities	<u>2,852</u>	<u>(868)</u>	<u>(420)</u>	<u>1,564</u>	<u>-</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,297,464</u>	<u>\$ 201,244</u>	<u>\$ 243,065</u>	<u>\$ 1,741,773</u>	<u>\$ 16,909</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments	\$ 2,700,400	\$ 1,204,690	\$ 667,956	\$ 4,573,046	\$ 120,346
Redemption account	150,763	103,666	-	254,429	-
Reserve account	220,021	196,919	-	416,940	-
Depreciation account	377,760	49,690	-	427,450	-
Replacement account	<u>-</u>	<u>60,900</u>	<u>-</u>	<u>60,900</u>	<u>-</u>
CASH AND CASH EQUIVALENTS	<u>\$ 3,448,944</u>	<u>\$ 1,615,865</u>	<u>\$ 667,956</u>	<u>\$ 5,732,765</u>	<u>\$ 120,346</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Developer financed additions to utility plant	<u>\$ 830,785</u>	<u>\$ 1,096,524</u>	<u>\$ 678,879</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF VERONA

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 15,008,570
Taxes receivable	<u>9,939,937</u>
TOTAL ASSETS	<u>\$ 24,948,507</u>
LIABILITIES	
Accounts payable	\$ 111,764
Due to other governments	<u>24,836,743</u>
TOTAL LIABILITIES	<u>\$ 24,948,507</u>

See accompanying notes to financial statements.

CITY OF VERONA

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE	Page
I Summary of Significant Accounting Policies	18
A. Reporting Entity	18
B. Government-Wide and Fund Financial Statements	19
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	22
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	23
1. Deposits and Investments	23
2. Receivables	25
3. Inventories and Prepaid Items	25
4. Restricted Assets	26
5. Capital Assets	26
6. Other Assets	27
7. Deferred Outflows of Resources	27
8. Compensated Absences	27
9. Long-Term Obligations/Conduit Debt	28
10. Deferred Inflows of Resources	28
11. Equity Classifications	28
12. Basis for Existing Rates	30
II Reconciliation of Government-Wide and Fund Financial Statements	31
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	31
III Stewardship, Compliance, and Accountability	31
A. Excess Expenditures Over Appropriations	31
B. Limitations on the City's Tax Levy	32
IV Detailed Notes on All Funds	32
A. Deposits and Investments	32
B. Receivables	35
C. Restricted Assets	35
D. Capital Assets	36
E. Interfund Receivables/Payables and Transfers	40
F. Long-Term Obligations	41
G. Lease Disclosures	46
H. Net Position/Fund Balances	47
I. Component Unit	49
V Other Information	51
A. Employees' Retirement System	51
B. Risk Management	52
C. Commitments and Contingencies	53
D. Joint Ventures	55
E. Subsequent Events	55
F. Effect of New Accounting Standards on Current-Period Financial Statements	56

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Community Development Authority of the City of Verona

The government-wide financial statements include the Community Development Authority of the City of Verona ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note IV.I. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2014. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

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

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

The city reports the following major governmental funds:

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

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, 2014

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

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

- Revolving Funds
- TIF District No. 4
- TIF District No. 5 (debt defeasance only-no longer eligible for capital)
- TIF District No. 6

In addition, the city reports the following fund types:

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

Insurance Fund

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

Tax Collection Fund

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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.

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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- 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, 2014

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 quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2014, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

2. Receivables

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

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

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

3. Inventories and Prepaid Items

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

3. Inventories and Prepaid Items (cont.)

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$25,000 for land improvements, buildings, and building improvements, more than \$15,000 for machinery and equipment, and \$25,000 for infrastructure assets, and an estimated useful life of at least 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.

\$123,971 of unamortized capacity charge represents a one-time connection fee, net of amortization, paid to Madison Metropolitan Sanitary District in 1996. The connection fee is 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.

\$407,632 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.

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, 2014, 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, 2014

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 and accrued compensated absences.

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

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

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$7,945,000, made up of two issues.

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

10. Deferred Inflows of Resources

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

11. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

11. Equity Classifications (cont.)

Government-Wide Statements (cont.)

- 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	\$ 31,900,881	\$ 60,864,845	\$ (2,805,077)	\$ 89,960,649
Unrestricted	3,532,260	5,714,441	2,805,077	12,051,778

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the Council to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. 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 \$2,422,604, or 34% of 2015 budgeted general fund expenditures.

See Note IV. H. for further information.

12. Basis for Existing Rates

Water Utility

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

Sewer Utility

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

Stormwater Utility

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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	\$	3,751,903
Right of way		11,921,144
Land improvements		910,621
Buildings		18,232,583
Machinery and equipment		9,158,240
Infrastructure		35,769,879
Construction in progress		4,280,834
Less: Accumulated depreciation		<u>(17,434,136)</u>
Combined Adjustment for Capital Assets	\$	<u>66,591,068</u>

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

Bonds and notes payable	\$	36,347,950
Compensated absences		738,704
Accrued interest		357,975
Unamortized premium on debt		666,459
Capital leases		5,910,000
Unamortized loss on refunding		<u>(306,810)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>43,714,278</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
TIF District No. 6	\$ 1,415,376	\$ 1,423,804	\$ 8,428
Capital Revolving fund	312,200	334,911	22,711

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

B. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2014 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 1,473,053	\$ 1,711,258	Custodial credit
Money market	23,926,154	23,926,154	Custodial credit
US agencies-explicitly guaranteed	8,976,587	8,976,587	Custodial credit and interest rate
US agencies - implicitly guaranteed	8,896,402	8,896,402	Credit, custodial credit, concentration of credit, and interest rate
US treasuries	696,361	696,361	Custodial credit and interest rate
LGIP	14,953,733	14,953,733	Credit
Corporate bonds	707,184	707,184	Credit, custodial credit, and interest rate
Petty cash	930	-	N/A
Total Deposits and Investments	\$ 59,630,404	\$ 59,867,679	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 41,534,109		
Restricted cash and investments	3,087,725		
Per statement of assets and liabilities - agency funds			
Agency Fund	15,008,570		
Total Deposits and Investments	\$ 59,630,404		

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

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

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$1,000,000 of the city's investments are covered by SIPC. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit. \$18,291,792 of the city's investments are covered by Lloyds of London.

The city maintains collateral agreements with its banks. At December 31, 2014, the banks had pledged various government securities in the amount of \$8,656,463 to secure the city's deposits.

Custodial Credit Risk

Deposits

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

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

Investments

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

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

Credit Risk

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2014, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U.S. agencies implicitly guaranteed- FHLB	AA+	Aaa
U.S. agencies implicitly guaranteed - FFCB	AA+	Aaa
Corporate bonds - GE	AA+	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, 2014, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies implicitly guaranteed	19.59%
Federal Farm Credit Bank	U.S. agencies implicitly guaranteed	5.55%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The city intends to hold investments until maturity and in that case will not realize market losses.

As of December 31, 2014, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 to 5	6 to 10
US agencies	\$ 17,872,989	\$ -	\$ 14,381,114	\$ 3,491,875
US treasuries	696,361	696,361	-	-
Corporate bonds	707,184	707,184	-	-
Totals	<u>\$ 19,276,534</u>	<u>\$ 1,403,545</u>	<u>\$ 14,381,114</u>	<u>\$ 3,491,875</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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	\$ 20,239,535	\$ -
Delinquent personal property taxes receivable	-	6,860
Special assessments on properties not yet annexed to city	9,858	-
Special charges placed on tax roll	616,826	1,303
Long-term notes/loans receivable	-	240,023
Dog licenses	3,375	-
Reimbursement of expenses	-	38,052
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 20,869,594	\$ 286,238

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

C. RESTRICTED ASSETS (cont.)

Impact Fee Account

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

Following is a list of restricted assets at December 31, 2014:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 254,429	\$ 9,428	\$ 245,001
Bond reserve account	416,940	-	416,940
Bond depreciation account	427,450	-	427,450
Equipment replacement account	60,900	-	60,900
Impact fee account	1,928,006	-	1,928,006
Total	\$ 3,087,725	\$ 9,428	\$ 3,078,297

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,647,946	\$ 103,957	\$ -	\$ 3,751,903
Right of way	11,497,318	423,826	-	11,921,144
Construction in progress	718,816	4,280,834	718,816	4,280,834
Total Capital Assets Not Being Depreciated	15,864,080	4,808,617	718,816	19,953,881

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Land improvements	\$ 910,621	\$ -	\$ -	\$ 910,621
Buildings	18,232,583	-	-	18,232,583
Machinery and equipment	8,718,899	629,096	189,755	9,158,240
Streets	23,787,647	1,477,866	92,578	25,172,935
Sidewalks	3,473,070	248,187	-	3,721,257
Curb and gutter	5,861,899	209,434	8,762	6,062,571
Street lights	813,116	-	-	813,116
Total Capital Assets Being Depreciated	<u>61,797,835</u>	<u>2,564,583</u>	<u>291,095</u>	<u>64,071,323</u>
Total Capital Assets	<u>77,661,915</u>	<u>7,373,200</u>	<u>1,009,911</u>	<u>84,025,204</u>
Less: Accumulated depreciation for				
Land improvements	(57,834)	(3,080)	-	(60,914)
Buildings	(3,672,533)	(412,518)	-	(4,085,051)
Machinery and equipment	(3,408,879)	(501,715)	177,092	(3,733,502)
Streets	(6,426,204)	(629,323)	92,578	(6,962,949)
Sidewalks	(692,209)	(74,425)	-	(766,634)
Curb and gutter	(1,401,274)	(121,251)	8,762	(1,513,763)
Street lights	(257,088)	(54,235)	-	(311,323)
Total Accumulated Depreciation	<u>(15,916,021)</u>	<u>(1,796,547)</u>	<u>278,432</u>	<u>(17,434,136)</u>
Net Capital Assets Being Depreciated	<u>45,881,814</u>	<u>768,036</u>	<u>12,663</u>	<u>46,637,187</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 61,745,894</u>	<u>\$ 5,576,653</u>	<u>\$ 731,479</u>	<u>\$ 66,591,068</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 101,934
Public safety	205,993
Health and human services	35,030
Public works	1,064,619
Culture, education, and recreation	388,305
Conservation and development	666
Total Governmental Activities Depreciation Expense	<u>\$ 1,796,547</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 65,089	\$ -	\$ -	\$ 65,089
Construction in progress	-	<u>1,833</u>	-	<u>1,833</u>
Total Capital Assets Not Being Depreciated	<u>65,089</u>	<u>1,833</u>	-	<u>66,922</u>
Capital assets being depreciated				
Source of supply	886,061	-	-	886,061
Pumping	4,002,091	109,081	60,000	4,051,172
Water treatment	120,145	-	-	120,145
Transmission and distribution	28,342,772	1,504,796	125,271	29,722,297
General	<u>896,625</u>	<u>69,928</u>	<u>25,444</u>	<u>941,109</u>
Total Capital Assets Being Depreciated	<u>34,247,694</u>	<u>1,683,805</u>	<u>210,715</u>	<u>35,720,784</u>
Total Capital Assets	<u>34,312,783</u>	<u>1,685,638</u>	<u>210,715</u>	<u>35,787,706</u>
Less: Accumulated depreciation for Water plant	<u>(5,460,738)</u>	<u>(763,736)</u>	<u>197,665</u>	<u>(6,026,809)</u>
Net Capital Assets Being Depreciated	<u>28,786,956</u>	<u>920,069</u>	<u>13,050</u>	<u>29,693,975</u>
Net Water Capital Assets	<u>\$ 28,852,045</u>	<u>\$ 921,902</u>	<u>\$ 13,050</u>	<u>\$ 29,760,897</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer</u>				
Capital assets being depreciated				
Collection system	16,829,651	1,120,331	3,259	17,946,723
General	<u>882,094</u>	<u>24,222</u>	<u>400</u>	<u>905,916</u>
Total Capital Assets Being Depreciated	<u>17,711,745</u>	<u>1,144,553</u>	<u>3,659</u>	<u>18,852,639</u>
Less: Accumulated depreciation for Sewer plant	<u>(3,557,551)</u>	<u>(320,905)</u>	<u>3,658</u>	<u>(3,874,798)</u>
Net Capital Assets Being Depreciated	<u>14,154,194</u>	<u>823,648</u>	<u>1</u>	<u>14,977,841</u>
Net Sewer Capital Assets	<u>\$ 14,154,194</u>	<u>\$ 823,648</u>	<u>\$ 1</u>	<u>\$ 14,977,841</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Intangible assets	\$ 112,000	\$ -	\$ -	\$ 112,000
Land and land rights	2,881,480	-	-	2,881,480
Total Capital Assets Not Being Depreciated	2,993,480	-	-	2,993,480
Capital assets being depreciated				
General plant	22,103,015	697,127	-	22,800,142
Total Capital Assets	25,096,495	697,127	-	25,793,622
Less: Accumulated depreciation for General plant	(3,549,812)	(335,757)	-	(3,885,569)
Net Capital Assets Being Depreciated	18,553,203	361,370	-	18,914,573
Net Stormwater Capital Assets	\$ 21,546,683	\$ 361,370	\$ -	\$ 21,908,053
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 64,552,922	\$ 2,106,920	\$ 13,051	\$ 66,646,791

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 730,352
Sewer	320,905
Storm	335,757
 Total Business-type Activities Depreciation Expense	 \$ 1,387,014

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, 2014

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Water utility	General	\$ 34,048
Sewer utility	General	41,200
Stormwater utility	General	8,416
Total Internal Balances - Government-Wide Statement of Net Position		\$ 83,664

All amounts are due within one year.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Debt service	Library	\$ 538,706	Debt service
Debt service	Impact fees	300,000	Debt service
Library	Capital improvement program	70,000	Library capital campaign Impact fees collection applied
Library	Impact fees	10,000	to library debt
General	Water utility	659,947	Payment in lieu of taxes
Fire department	Special accounts	36,575	Fire inspection fees
Total - Fund Financial Statements		1,615,228	
Less: Fund eliminations		(955,281)	
Total Transfers - Government-Wide Statement of Activities		\$ 659,947	

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, 2014

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 30,142,269	\$ 8,690,000	\$ 2,879,318	\$ 35,952,951	\$ 3,498,867
Revenue bonds	480,000	-	85,000	395,000	100,000
(Discounts)/Premiums	386,392	338,092	58,025	666,459	-
Sub-totals	<u>31,008,661</u>	<u>9,028,092</u>	<u>3,022,343</u>	<u>37,014,410</u>	<u>3,598,867</u>
Other Liabilities					
Vested compensated absences	608,610	487,208	357,114	738,704	422,091
Capital leases	6,830,000	-	920,000	5,910,000	980,000
Total Other Liabilities	<u>7,438,610</u>	<u>487,208</u>	<u>1,277,114</u>	<u>6,648,704</u>	<u>1,402,091</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 38,447,271</u>	<u>\$ 9,515,300</u>	<u>\$ 4,299,457</u>	<u>\$ 43,663,114</u>	<u>\$ 5,000,958</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,366,302	\$ -	\$ 306,150	\$ 3,060,152	\$ 324,700
Revenue bonds	3,104,998	-	410,000	2,694,998	420,000
(Discounts)/Premiums	56,426	-	8,045	48,381	-
Sub-totals	<u>6,527,726</u>	<u>-</u>	<u>724,195</u>	<u>5,803,531</u>	<u>744,700</u>
Other Liabilities					
Vested compensated absences	121,449	37,002	40,391	118,060	-
Total Business-type Activities Long-Term Liabilities	<u>\$ 6,649,175</u>	<u>\$ 37,002</u>	<u>\$ 764,586</u>	<u>\$ 5,921,591</u>	<u>\$ 744,700</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, 2014, was \$98,358,850. Total general obligation debt outstanding at year end was \$39,013,103.

General Obligation Debt

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
General obligation refunding bonds	03/01/2004	06/01/2016	1.30 - 4.00%	\$ 2,907,400	\$ 66,700
General obligation corporate purpose bonds	07/01/2005	02/01/2019	3.25 - 4.10%	6,545,000	1,765,000
General obligation promissory notes	07/01/2006	02/01/2016	4.00 - 4.25%	945,000	310,000
General obligation corporate purpose bonds	07/17/2007	09/01/2026	4.00 - 4.25%	4,565,000	175,000
General obligation promissory notes	07/17/2007	06/01/2017	4.10%	2,210,000	385,000
State trust fund loan	02/19/2007	03/15/2016	5.25%	450,000	119,021
General obligation promissory notes	08/19/2008	08/01/2018	3.00-4.10%	1,220,000	695,000
General obligation corporate purpose bonds	08/19/2008	08/01/2028	4.00-4.60%	3,630,150	3,123,150
General obligation refunding bonds	05/05/2010	12/01/2019	1.00-3.30%	5,405,000	2,160,000
General obligation corporate purpose bonds	07/27/2011	06/01/23	0.90-3.00%	4,040,000	3,730,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	7,220,000	6,740,000
State Trust Fund loan	03/26/2013	03/15/2023	2.75%	75,000	68,327
State Trust Fund loan	08/19/2013	03/15/2023	2.75%	600,000	540,753
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	5,215,000	5,150,000
General obligation promissory notes	06/26/2013	04/01/2023	1.00-2.10%	2,460,000	2,235,000
General obligation corporate purpose bonds	07/16/2014	6/01/2034	2.00-4.00%	8,690,000	<u>8,690,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 35,952,951</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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, 2014
General obligation refunding bonds	03/01/2004	06/01/2016	1.30-4.00%	\$ 947,850	\$ 163,302
General obligation corporate purpose bonds	07/01/2005	08/01/2015	3.25-3.50%	160,000	20,000
General obligation corporate purpose notes	07/17/2007	12/01/2017	4.10%	250,000	35,000
General Obligation corporate purpose bonds	08/01/2008	08/01/2028	4.00-4.60%	244,850	211,850
General obligation corporate purpose bonds	07/27/11	06/01/21	0.90-2.80%	560,000	405,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	1,860,000	1,670,000
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	580,000	<u>555,000</u>
Total Business-type Activities - General Obligation Debt					<u><u>\$ 3,060,152</u></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
2015	\$ 3,498,867	\$ 1,116,048	\$ 324,700	\$ 79,842
2016	3,531,428	910,910	326,800	70,674
2017	3,143,201	812,438	250,752	62,569
2018	2,964,959	727,151	215,750	56,286
2019	2,846,767	639,007	225,750	50,198
2020-2024	12,407,729	2,094,633	931,400	169,712
2025-2029	5,285,000	814,200	745,000	64,556
2030-2034	<u>2,275,000</u>	<u>219,063</u>	<u>40,000</u>	<u>650</u>
Totals	<u><u>\$ 35,952,951</u></u>	<u><u>\$ 7,333,450</u></u>	<u><u>\$ 3,060,152</u></u>	<u><u>\$ 554,487</u></u>

Revenue Debt

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The city has pledged future TIF 6 revenues to repay revenue bonds issued in 2006. Proceeds from the bonds provided financing for the TIF 6 projects. The bonds are payable solely from TIF 6 incremental revenues and are payable through 2018. Annual principal and interest payments on the bonds are expected to require 13.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$427,591. Principal and interest paid for the current year and total customer gross revenues were \$103,143 and \$797,611, respectively.

The water and sewer utilities has pledged future revenues to repay revenue bonds issued in 2003-2008. Proceeds from the bonds provided financing for the water and sewer projects. The bonds are payable solely from water and sewer utility revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 8% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$3,187,471. Principal and interest paid for the current year and total customer gross revenues were \$528,202 and \$3,270,084, respectively.

Revenue debt payable at December 31, 2014, consists of the following:

Governmental Activities Revenue Debt

Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
Revenue refunding bonds	7/1/2006	6/1/2018	4.10-4.50%	\$ 730,000	\$ 395,000
Total Governmental Activities - Revenue Debt					<u>\$ 395,000</u>

Business-type Activities Revenue Debt

Water and Sewer Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
Revenue bonds	07/01/2003	06/01/2016	1.60-3.75%	\$ 1,075,000	\$ 234,998
Revenue bonds	07/01/2006	06/01/2026	4.10-4.50%	1,615,000	1,160,000
Revenue bonds - refunding	07/01/2006	06/01/2020	4.10-4.30%	1,100,000	700,000
Refunding revenue bonds	03/01/2008	06/01/2018	2.90-3.75%	1,340,000	<u>600,000</u>
Total Business-type Activities - Revenue Debt					<u>\$ 2,694,998</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Revenue Debt		Business-type Activities Revenue Debt	
	Principal	Interest	Principal	Interest
2015	\$ 100,000	\$ 14,328	\$ 420,000	\$ 102,486
2016	100,000	10,203	439,998	85,988
2017	100,000	6,065	330,000	70,942
2018	95,000	1,995	345,000	57,520
2019	-	-	240,000	45,535
2020-2024	-	-	670,000	118,752
2025-2026	-	-	250,000	11,250
Totals	<u>\$ 395,000</u>	<u>\$ 32,591</u>	<u>\$ 2,694,998</u>	<u>\$ 492,473</u>

Capital Leases

Refer to Note IV. G.

Other Debt Information

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

During 2005, the city guaranteed a loan in the amount of \$300,000 for the Verona Little League related to a borrowing for baseball diamonds. At December 31, 2014, the balance was \$95,062.

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Prior-Year Defeasance of Debt

In prior years, the city defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the city's financial statements. At December 31, 2014, \$3,690,000 of bonds outstanding are considered defeased. The bonds are callable on September 1, 2015.

G. LEASE DISCLOSURES

Lessee - Capital Leases

The Community Development Authority (CDA) of the City of Verona has issued lease revenue bonds (see Note IV.I.). As security for the 2002, 2003, 2004 and 2008 bonds, the CDA has entered into lease agreements with the City of Verona. The terms and amounts of the rent payments are the same as the payment dates and amounts of the lease revenue bonds. The future principal and interest payments as of December 31, 2014, are as follows:

<u>Years</u>	Governmental Activities		
	Principal	Interest	Totals
2015	\$ 980,000	\$ 283,517	\$ 1,263,517
2016	795,000	243,509	1,038,509
2017	830,000	205,993	1,035,993
2018	650,000	171,457	821,457
2019	675,000	138,237	813,237
2020-2022	1,980,000	202,925	2,182,925
Totals	\$ 5,910,000	\$ 1,245,638	\$ 7,155,638

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2014, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 3,751,903
Construction in progress	4,280,834
Right of way	11,921,144
Other capital assets, net of accumulated depreciation	46,637,187
Less: Long-term debt outstanding	(39,259,207)
Plus: Unspent capital related debt proceeds	5,235,479
Less: Unamortized debt premium	<u>(666,459)</u>
Total Net Investment in Capital Assets	<u>31,900,881</u>
Restricted	
TIF debt service	1,375,744
TIF activity	23,336,101
Library	225,577
Impact fees	<u>1,928,006</u>
Total Restricted	<u>26,865,428</u>
Unrestricted	<u>3,532,260</u>
Total Governmental Activities Net Position	<u>\$ 62,298,569</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2014, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>TIF District No. 7</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances						
Nonspendable:						
Prepaid items	\$ 3,628	\$ -	\$ -	\$ -	\$ 6,491	\$ 10,119
Restricted for:						
Debt service	-	269,788	-	-	484,563	754,351
Library purposes	-	-	-	-	225,577	225,577
TIF activities	-	-	-	21,536,221	2,479,627	24,015,848
Library facilities	-	-	-	-	253,385	253,385
Police facilities	-	-	-	-	1,057,917	1,057,917
Fire facilities	-	-	-	-	616,704	616,704
Capital projects	-	-	4,773,382	-	-	4,773,382
Committed to:						
Senior citizen activities and services	-	-	-	-	35,421	35,421
Cable operations	-	-	-	-	370,343	370,343
Tourism	-	-	-	-	71,349	71,349
Crime prevention	-	-	-	-	13,841	13,841
Fire and EMS	-	-	-	-	164,733	164,733
Council activities	-	-	-	-	4,286	4,286
Equipment replacement	-	-	-	-	488,336	488,336
Refuse and recycling	-	-	-	-	60,150	60,150
Urban forestry programs	-	-	-	-	47,982	47,982
Epic Grant activity	-	-	-	-	132,978	132,978
Economic development	-	-	-	-	227,319	227,319
Assigned to:						
Subsequent year's budget	200,000	-	-	-	-	200,000
Capital projects	-	-	2,598,778	-	-	2,598,778
Unassigned:	<u>2,422,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,422,604</u>
Total Fund Balances	<u>\$ 2,626,232</u>	<u>\$ 269,788</u>	<u>\$ 7,372,160</u>	<u>\$21,536,221</u>	<u>\$ 6,741,002</u>	<u>\$38,545,403</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 2,946,569
Construction in progress	1,833
Intangible assets	112,000
Other capital assets, net of accumulated depreciation	63,586,389
Less: Long-term debt outstanding	(5,755,150)
Plus: Unamortized loss on advance refunding	21,585
Less: Unamortized debt premium	<u>(48,381)</u>
Total Net Investment in Capital Assets	<u>60,864,845</u>
Restricted	
Debt service	661,941
Equipment replacement	60,900
Depreciation	<u>427,450</u>
Total Restricted	<u>1,150,291</u>
Unrestricted	<u>5,714,441</u>
Total Business-type Activities Net Position	<u>\$ 67,729,577</u>

I. COMPONENT UNIT

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF VERONA

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

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

a. Basis of Accounting/Measurement Focus

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

b. Investments

	Carrying Value	Statement Balances	Associated Risks
LGIP	<u>\$ 1,163,719</u>	<u>\$ 1,163,719</u>	Credit

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

I. COMPONENT UNIT (cont.)

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

b. Investments (cont.)

Credit Risk

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

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

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

c. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Lease revenue bonds	\$ 6,830,000	\$ -	\$ 920,000	\$ 5,910,000	\$ 980,000
Totals	<u>\$ 6,830,000</u>	<u>\$ -</u>	<u>\$ 920,000</u>	<u>\$ 5,910,000</u>	<u>\$ 980,000</u>

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

I. COMPONENT UNIT (cont.)

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

c. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 980,000	\$ 283,517	\$ 1,263,517
2016	795,000	243,509	1,038,509
2017	830,000	205,994	1,035,994
2018	650,000	171,457	821,457
2019	675,000	138,238	813,238
2020-2022	<u>1,980,000</u>	<u>202,922</u>	<u>2,182,922</u>
Totals	<u>\$ 5,910,000</u>	<u>\$ 1,245,637</u>	<u>\$ 7,155,637</u>

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective employees are the same 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.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates for December 31, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.31%
Protective without Social Security	7.00%	13.91%

The payroll for city employees covered by the WRS for the year ended December 31, 2014 was \$4,286,287; the employer's total payroll was \$4,817,551. The total required contribution for the year ended December 31, 2014 was \$661,832 or 15.4% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$567,861 and \$490,299, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2014 there was no pension related debt for the city.

B. RISK MANAGEMENT

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

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

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

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

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

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

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

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

C. COMMITMENTS AND CONTINGENCIES

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

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

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

The city has active construction projects as of December 31, 2014. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Developer Agreements

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

Payments are scheduled through the year 2025, and carry an interest rate of 3.85%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$4,950,000.

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

Payments are scheduled through the year 2023, and carry an interest rate of 7.5%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$307,272.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

In 2011, the city amended an agreement originally entered into during 2008, regarding the development of property within the Verona Technology Park located in TIF District No. 6. The agreement allows payments from the city to the developer based on the parcel improvement value excluding personal property each year through tax year 2016, payable in 2017. The payments are calculated from a formula based upon an \$8,000,000 target improvement value. If the improvement value is less, reduced developer payments are made by the city. Any payments made are from tax increments generated within the same TIF district. During 2014 the city made a payment in the amount of \$100,039. 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 and provides emergency medical services. The communities share in the annual operation of the district based on the most recent equalized value of each municipality in the district. The governing body is made up of three citizens from each community. Local representatives are appointed by the district's governing bodies. The governing body of the district has the authority to prepare its own budget (which must then be approved by the council or board of the governing bodies) and control the financial affairs of the district. The city made payments of \$310,021 for operating costs to the district for 2014. In addition to payments made by the city to the district, the city and town lease an EMS facility in Verona. The city's share of 2014 lease payments was \$57,950. 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 \$282,418 in the district that is accounted for in the governmental activities.

E. SUBSEQUENT EVENTS

On February 10, 2015 the city issued a ten year state trust fund loan in the amount of \$386,000 at a rate of 3.5% for a community theatre facility.

On May 26, 2015 the city council authorized the sale of \$4,835,000 general obligation bonds and \$4,920,000 general obligation notes. The proceeds will be used for various street improvements, the EMS portion of the fire facility, TIF 4 projects, and public works equipment.

CITY OF VERONA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

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

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

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
Property	\$ 3,500,410	\$ 3,504,810	\$ 4,400
Use tax penalty	-	5,678	5,678
Other taxes	<u>65,000</u>	<u>74,517</u>	<u>9,517</u>
Total Taxes	<u>3,565,410</u>	<u>3,585,005</u>	<u>19,595</u>
INTERGOVERNMENTAL REVENUES			
State aid - shared taxes	132,165	132,564	399
State expenditure restraint	176,006	176,006	-
State aid - road aid	669,462	669,318	(144)
State aid - other public safety	-	3,200	3,200
State aid - exempt computer aid	44,000	30,183	(13,817)
State aid - emergency government	-	27,504	27,504
Other state payments	-	236	236
Payments for municipal services	13,500	12,939	(561)
Grants from local governments	-	4,950	4,950
Total Intergovernmental Revenues	<u>1,035,133</u>	<u>1,056,900</u>	<u>21,767</u>
PUBLIC CHARGES FOR SERVICES			
Photocopies	-	779	779
Parks	22,000	28,473	6,473
Shelter and rental fees	11,200	9,437	(1,763)
Recreation programs	131,350	137,388	6,038
Swimming areas	17,500	11,720	(5,780)
Fairs, exhibits and celebrations	25,750	19,805	(5,945)
Stadium fees	3,500	3,038	(462)
Other public charges for services	<u>50,600</u>	<u>22,968</u>	<u>(27,632)</u>
Total Public Charges for Services	<u>261,900</u>	<u>233,608</u>	<u>(28,292)</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	98,500	98,083	(417)
Parking violations	<u>10,000</u>	<u>10,576</u>	<u>576</u>
Total Fines, Forfeitures and Penalties	<u>108,500</u>	<u>108,659</u>	<u>159</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, 2014

	Original and Final Budget	Actual	Variance with Final Budget
LICENSES AND PERMITS			
Liquor and malt beverage licenses	\$ 12,200	\$ 14,232	\$ 2,032
Operators' license	4,500	9,160	4,660
Cigarette licenses	1,400	900	(500)
Amusement device licenses	5,800	-	(5,800)
Bicycle licenses	-	18	18
Dog licenses	4,100	5,179	1,079
Building permits	129,052	179,131	50,079
Electrical permits	69,027	81,658	12,631
Plumbing permits	64,334	76,344	12,010
Heating and air conditioning permits	62,524	76,895	14,371
Erosion control permits	56,547	84,590	28,043
Zoning permits and fees	2,500	8,300	5,800
Plan review fees	88,800	95,831	7,031
Other regulatory permits and fees	43,000	60,522	17,522
Total Licenses and Permits	<u>543,784</u>	<u>692,760</u>	<u>148,976</u>
INVESTMENT INCOME			
Interest on investments	180,000	235,782	55,782
Unrealized gain on investments	-	71,533	71,533
Total Investment Income	<u>180,000</u>	<u>307,315</u>	<u>127,315</u>
MISCELLANEOUS REVENUES			
Miscellaneous	-	666	666
Total Revenues	<u>5,694,727</u>	<u>5,984,913</u>	<u>290,186</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Mayor and city council	106,717	108,094	(1,377)
Municipal court	105,627	105,541	86
Administration	568,356	551,999	16,357
General buildings/plant/hall	87,049	93,663	(6,614)
Other insurance	123,500	110,958	12,542
Health insurance	30,000	30,000	-
Other general government	-	103,331	(103,331)
Total General Government	<u>1,021,249</u>	<u>1,103,586</u>	<u>(82,337)</u>
PUBLIC SAFETY			
Police	2,860,398	2,736,472	123,926
Emergency government	4,280	1,741	2,539
Hydrant rental	464,096	464,096	-
Fire and emergency	347,273	130,392	216,881
Operating contingency	32,673	6,072	26,601
Total Public Safety	<u>3,708,720</u>	<u>3,338,773</u>	<u>369,947</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC WORKS			
Highway	\$ 1,098,414	\$ 1,125,626	\$ (27,212)
CULTURE, RECREATION AND EDUCATION			
Parks	464,753	460,560	4,193
Recreation programs and events	64,800	73,576	(8,776)
Recreation administration	138,305	138,601	(296)
Recreation facilities	19,300	17,454	1,846
Swimming areas	28,400	29,573	(1,173)
Total Culture, Recreation and Education	<u>715,558</u>	<u>719,764</u>	<u>(4,206)</u>
CONSERVATION AND DEVELOPMENT			
Building Inspection	276,231	239,694	36,537
Planning	113,828	118,909	(5,081)
Tourism/city beautification	8,000	6,171	1,829
Total Conservation and Development	<u>398,059</u>	<u>364,774</u>	<u>33,285</u>
 Total Expenditures	 <u>6,942,000</u>	 <u>6,652,523</u>	 <u>289,477</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(1,247,273)</u>	 <u>(667,610)</u>	 <u>579,663</u>
OTHER FINANCING SOURCES			
Debt issued	347,273	-	(347,273)
Transfers in - utility PILOT	625,000	659,947	34,947
Total Other Financing Sources	<u>972,273</u>	<u>659,947</u>	<u>(312,326)</u>
 Net Change in Fund Balance	 (275,000)	 (7,663)	 267,337
 FUND BALANCE - Beginning of Year	 <u>2,633,895</u>	 <u>2,633,895</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 2,358,895</u>	 <u>\$ 2,626,232</u>	 <u>\$ 267,337</u>

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

CITY OF VERONA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

BUDGETARY INFORMATION

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

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

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

SUPPLEMENTARY INFORMATION

CITY OF VERONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Special Revenue Funds			
	Senior Citizens Center	Refuse and Recycling	Forestry	Cable Franchise
ASSETS				
Cash and investments	\$ 61,759	\$ 106,053	\$ 47,866	\$ 340,986
Receivables				
Taxes	379,616	647,493	7,750	-
Accounts	-	-	116	30,808
Promissory notes	-	-	-	-
Due from component units	-	-	-	-
Due from other governments	-	2,123	-	-
Prepaid items	346	-	-	-
	<u>441,721</u>	<u>755,669</u>	<u>55,732</u>	<u>371,794</u>
TOTAL ASSETS	<u>\$ 441,721</u>	<u>\$ 755,669</u>	<u>\$ 55,732</u>	<u>\$ 371,794</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 21,779	\$ 45,049	\$ -	\$ -
Accrued liabilities	4,559	1,674	-	1,451
Total Liabilities	<u>26,338</u>	<u>46,723</u>	<u>-</u>	<u>1,451</u>
Deferred Inflows of Resources				
Unavailable revenues	-	1,303	-	-
Unearned revenues	379,616	647,493	7,750	-
Total Deferred Inflows of Resources	<u>379,616</u>	<u>648,796</u>	<u>7,750</u>	<u>-</u>
Fund Balances				
Nonspendable	346	-	-	-
Restricted	-	-	-	-
Committed	35,421	60,150	47,982	370,343
Total Fund Balances	<u>35,767</u>	<u>60,150</u>	<u>47,982</u>	<u>370,343</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 441,721</u>	<u>\$ 755,669</u>	<u>\$ 55,732</u>	<u>\$ 371,794</u>

Special Revenue Funds					Capital Projects Funds
Special Accounts	Impact Fees	Library	Economic Development Commission	Fire Department	Revolving Funds
\$ 242,535	\$ 1,928,006	\$ 276,966	\$ 227,319	\$ 204,382	\$ 572,391
377,070	-	1,153,789	-	965,246	280,000
37,520	-	-	-	2,280	-
-	-	-	28,589	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,145	-
<u>\$ 657,125</u>	<u>\$ 1,928,006</u>	<u>\$ 1,430,755</u>	<u>\$ 255,908</u>	<u>\$ 1,178,053</u>	<u>\$ 852,391</u>
\$ 37,553	\$ -	\$ 34,153	\$ -	\$ 46,726	\$ 84,055
-	-	17,236	-	15,251	-
<u>37,553</u>	<u>-</u>	<u>51,389</u>	<u>-</u>	<u>61,977</u>	<u>84,055</u>
-	-	-	28,589	-	-
<u>377,070</u>	<u>-</u>	<u>1,153,789</u>	<u>-</u>	<u>965,246</u>	<u>280,000</u>
<u>377,070</u>	<u>-</u>	<u>1,153,789</u>	<u>28,589</u>	<u>965,246</u>	<u>280,000</u>
-	-	-	-	6,145	-
-	1,928,006	225,577	-	-	-
<u>242,502</u>	<u>-</u>	<u>-</u>	<u>227,319</u>	<u>144,685</u>	<u>488,336</u>
<u>242,502</u>	<u>1,928,006</u>	<u>225,577</u>	<u>227,319</u>	<u>150,830</u>	<u>488,336</u>
<u>\$ 657,125</u>	<u>\$ 1,928,006</u>	<u>\$ 1,430,755</u>	<u>\$ 255,908</u>	<u>\$ 1,178,053</u>	<u>\$ 852,391</u>

CITY OF VERONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Capital Projects Funds			Total Nonmajor Governmental Funds
	TIF District No. 4	TIF District No. 5	TIF District No. 6	
ASSETS				
Cash and investments	\$ 629,359	\$ 378,563	\$ 1,673,225	\$ 6,689,410
Receivables				
Taxes	489,739	-	894,580	5,195,283
Accounts	-	-	-	70,724
Promissory notes	211,434	-	-	240,023
Due from component units	55,000	106,000	389,467	550,467
Due from other governments	-	-	-	2,123
Prepaid items	-	-	-	6,491
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 1,385,532</u></u>	<u><u>\$ 484,563</u></u>	<u><u>\$ 2,957,272</u></u>	<u><u>\$ 12,754,521</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 4,612	\$ -	\$ 262,812	\$ 536,739
Accrued liabilities	-	-	-	40,171
Total Liabilities	<u>4,612</u>	<u>-</u>	<u>262,812</u>	<u>576,910</u>
Deferred Inflows of Resources				
Unavailable revenues	211,434	-	-	241,326
Unearned revenues	489,739	-	894,580	5,195,283
Total Deferred Inflows of Resources	<u>701,173</u>	<u>-</u>	<u>894,580</u>	<u>5,436,609</u>
Fund Balances				
Nonspendable	-	-	-	6,491
Restricted	679,747	484,563	1,799,880	5,117,773
Committed	-	-	-	1,616,738
Total Fund Balances	<u>679,747</u>	<u>484,563</u>	<u>1,799,880</u>	<u>6,741,002</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 1,385,532</u></u>	<u><u>\$ 484,563</u></u>	<u><u>\$ 2,957,272</u></u>	<u><u>\$ 12,754,521</u></u>

CITY OF VERONA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue Funds			
	Senior Citizens Center	Refuse and Recycling	Forestry	Cable Franchise
REVENUES				
Taxes	\$ 326,940	\$ 22,432	\$ 7,750	\$ -
Intergovernmental	-	21,955	-	-
Public charges for services	42,906	612,152	30,346	-
Fines, forfeitures and penalties	-	-	-	-
Licenses and permits	-	-	-	115,828
Investment income	-	-	-	-
Miscellaneous	368	320	-	-
Total Revenues	<u>370,214</u>	<u>656,859</u>	<u>38,096</u>	<u>115,828</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	644,511	21,233	-
Health and human services	349,505	-	-	-
Culture, recreation and education	-	-	-	92,153
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Principal payments on capital lease	-	-	-	-
Interest payments on capital lease	-	-	-	-
Total Expenditures	<u>349,505</u>	<u>644,511</u>	<u>21,233</u>	<u>92,153</u>
Excess (deficiency) of revenues over expenditures	<u>20,709</u>	<u>12,348</u>	<u>16,863</u>	<u>23,675</u>
OTHER FINANCING SOURCES (USES)				
Sales of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	20,709	12,348	16,863	23,675
FUND BALANCES - Beginning of Year	<u>15,058</u>	<u>47,802</u>	<u>31,119</u>	<u>346,668</u>
FUND BALANCES - END OF YEAR	<u>\$ 35,767</u>	<u>\$ 60,150</u>	<u>\$ 47,982</u>	<u>\$ 370,343</u>

Special Revenue Funds					Capital Projects Funds
Special Accounts	Impact Fees	Library	Economic Development Commission	Fire Department	Revolving Funds
\$ 514,378	\$ -	\$ 1,123,131	\$ -	\$ 690,379	\$ 230,000
308,110	-	559,881	-	369,553	30,000
-	1,272,700	4,211	-	-	-
-	-	31,262	-	-	-
-	-	-	-	-	-
-	4,082	-	1,776	-	1,637
106,696	-	30,783	3,248	1,108	72,137
<u>929,184</u>	<u>1,276,782</u>	<u>1,749,268</u>	<u>5,024</u>	<u>1,061,040</u>	<u>333,774</u>
826	-	-	-	-	-
372,829	-	-	-	920,456	-
308,110	-	-	-	-	-
-	-	-	-	-	-
15,200	-	1,256,071	-	-	-
148,153	-	-	-	-	-
-	-	-	-	-	334,911
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>845,118</u>	<u>-</u>	<u>1,256,071</u>	<u>-</u>	<u>920,456</u>	<u>334,911</u>
<u>84,066</u>	<u>1,276,782</u>	<u>493,197</u>	<u>5,024</u>	<u>140,584</u>	<u>(1,137)</u>
-	-	-	-	1,400	-
-	-	80,000	-	36,575	-
<u>(36,575)</u>	<u>(310,000)</u>	<u>(538,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(36,575)</u>	<u>(310,000)</u>	<u>(458,706)</u>	<u>-</u>	<u>37,975</u>	<u>-</u>
47,491	966,782	34,491	5,024	178,559	(1,137)
<u>195,011</u>	<u>961,224</u>	<u>191,086</u>	<u>222,295</u>	<u>(27,729)</u>	<u>489,473</u>
<u>\$ 242,502</u>	<u>\$ 1,928,006</u>	<u>\$ 225,577</u>	<u>\$ 227,319</u>	<u>\$ 150,830</u>	<u>\$ 488,336</u>

CITY OF VERONA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	Capital Projects Funds			Total Nonmajor Governmental Funds
	TIF District No. 4	TIF District No. 5	TIF District No. 6	
REVENUES				
Taxes	\$ 651,357	\$ -	\$ 746,620	\$ 4,312,987
Intergovernmental	6,034	-	1,353	1,296,886
Public charges for services	-	-	-	1,962,315
Fines, forfeitures and penalties	-	-	-	31,262
Licenses and permits	-	-	-	115,828
Investment income	14,148	1,098	49,638	72,379
Miscellaneous	7,960	-	-	222,620
Total Revenues	679,499	1,098	797,611	8,014,277
EXPENDITURES				
Current				
General government	-	-	-	826
Public safety	-	-	-	1,293,285
Public works	-	-	-	973,854
Health and human services	-	-	-	349,505
Culture, recreation and education	-	-	-	1,363,424
Conservation and development	105,149	-	100,039	353,341
Capital Outlay	29,985	80	645,371	1,010,347
Debt Service				
Principal	227,554	-	314,247	541,801
Interest and fiscal charges	37,500	-	150,272	187,772
Principal payments on capital lease	65,000	125,000	200,000	390,000
Interest payments on capital lease	11,839	19,055	13,875	44,769
Total Expenditures	477,027	144,135	1,423,804	6,508,924
Excess (deficiency) of revenues over expenditures	202,472	(143,037)	(626,193)	1,505,353
OTHER FINANCING SOURCES (USES)				
Sales of assets	-	-	-	1,400
Transfers in	-	-	-	116,575
Transfers out	-	-	-	(885,281)
Total Other Financing Sources (Uses)	-	-	-	(767,306)
Net Change in Fund Balances	202,472	(143,037)	(626,193)	738,047
FUND BALANCES - Beginning of Year	477,275	627,600	2,426,073	6,002,955
FUND BALANCES - END OF YEAR	\$ 679,747	\$ 484,563	\$ 1,799,880	\$ 6,741,002

CITY OF VERONA

STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2014

	Component Unit - CDA
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	\$ <u>325,032</u>
Net Cash Flows From Investing Activities	<u>325,032</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Lease payments received	920,000
Debt retired	(920,000)
Interest paid	<u>(325,032)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(325,032)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,163,719</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,163,719</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Restricted cash and investments - statement of net position	<u>\$ 1,163,719</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,163,719</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	