

City of Verona

Financial Statements and
Supplementary Information

December 31, 2020

City of Verona

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Independent Auditors' Report

To the City Council of
City of Verona

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Verona's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Verona's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Verona, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

Baker Tilly US, LLP

Madison, Wisconsin
May 18, 2021

City of Verona

Statement of Net Position
December 31, 2020

	Governmental Activities	Business- Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 17,897,140	\$ 6,448,122	\$ 24,345,262
Receivables (net):			
Taxes receivable	17,451,284	-	17,451,284
Delinquent personal property taxes	6,767	-	6,767
Accounts	505,487	1,673,285	2,178,772
Special assessments	2,032	-	2,032
Promissory notes	81,257	-	81,257
Other	72,538	-	72,538
Due from other governmental units	10,405	4,329	14,734
Internal balances	(72,594)	72,594	-
Inventories	-	29,183	29,183
Prepaid items	1,413,433	4,318	1,417,751
Restricted assets:			
Cash and investments	2,748,023	5,493,623	8,241,646
Net pension asset	1,426,222	124,367	1,550,589
Other assets	-	203,816	203,816
Investment in joint venture	561,817	-	561,817
Capital assets:			
Capital assets not being depreciated/amortized	36,054,298	5,154,719	41,209,017
Other capital assets net of accumulated depreciation/amortization	<u>87,054,862</u>	<u>79,408,094</u>	<u>166,462,956</u>
Total assets	<u>165,212,971</u>	<u>98,616,450</u>	<u>263,829,421</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	3,702	3,702
Pension related amounts	<u>3,351,309</u>	<u>279,435</u>	<u>3,630,744</u>
Total deferred outflows of resources	<u>3,351,309</u>	<u>283,137</u>	<u>3,634,446</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	1,244,776	743,359	1,988,135
Other accrued liabilities	473,896	55,788	529,684
Due to other governmental units	70,697	-	70,697
Accrued interest	262,559	47,765	310,324
Deposits	66,509	-	66,509
Liabilities payable from restricted assets:			
Current portion of revenue bonds	-	100,000	100,000
Accrued interest	-	2,491	2,491
Noncurrent liabilities:			
Due within one year	6,111,369	830,000	6,941,369
Due in more than one year	<u>37,875,716</u>	<u>8,833,389</u>	<u>46,709,105</u>
Total liabilities	<u>46,105,522</u>	<u>10,612,792</u>	<u>56,718,314</u>

See notes to financial statements

City of Verona

Statement of Net Position
December 31, 2020

	Governmental Activities	Business- Type Activities	Total
Deferred Inflows of Resources			
Unearned revenues	\$ 17,398,919	\$ -	\$ 17,398,919
Unamortized gain on refunding	-	179	179
Pension related amounts	<u>4,326,244</u>	<u>336,848</u>	<u>4,663,092</u>
Total deferred inflows of resources	<u>21,725,163</u>	<u>337,027</u>	<u>22,062,190</u>
Net Position			
Net investment in capital assets	84,431,016	78,905,977	162,096,706
Restricted for:			
Debt service	-	978,654	978,654
TIF activities	713,802	-	713,802
Library	361,146	-	361,146
Impact fees	2,748,023	-	2,748,023
Cemetery	265,527	-	265,527
Pension	1,426,222	124,367	1,550,589
Depreciation	-	427,450	427,450
Equipment replacement	-	148,600	148,600
Unrestricted	<u>10,787,859</u>	<u>7,364,720</u>	<u>19,392,866</u>
Total net position	<u>\$ 100,733,595</u>	<u>\$ 87,949,768</u>	<u>\$ 188,683,363</u>

See notes to financial statements

City of Verona

Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,684,567	\$ 229,134	\$ -	\$ -	\$ (1,455,433)	\$ -	\$ (1,455,433)
Public safety	7,262,057	741,378	282,980	251	(6,237,448)	-	(6,237,448)
Health and human services	538,335	19,169	2,487	-	(516,679)	-	(516,679)
Public works	6,251,568	990,862	1,253,337	7,631,081	3,623,712	-	3,623,712
Culture, education and recreation	3,673,859	311,415	1,012,198	195,193	(2,155,053)	-	(2,155,053)
Conservation and development	1,112,426	54,861	5,700	99,027	(952,838)	-	(952,838)
Interest and fiscal charges	1,087,183	-	-	-	(1,087,183)	-	(1,087,183)
Total governmental activities	<u>21,609,995</u>	<u>2,346,819</u>	<u>2,556,702</u>	<u>7,925,552</u>	<u>(8,780,922)</u>	<u>-</u>	<u>(8,780,922)</u>
Business-Type activities:							
Water utility	1,925,684	2,761,214	-	1,686,111	-	2,521,641	2,521,641
Sewer utility	2,475,070	2,275,832	-	1,028,321	-	829,083	829,083
Stormwater utility	861,367	735,546	-	2,855,407	-	2,729,586	2,729,586
Total business-type activities	<u>5,262,121</u>	<u>5,772,592</u>	<u>-</u>	<u>5,569,839</u>	<u>-</u>	<u>6,080,310</u>	<u>6,080,310</u>
Total	<u>\$ 26,872,116</u>	<u>\$ 8,119,411</u>	<u>\$ 2,556,702</u>	<u>\$ 13,495,391</u>	<u>(8,780,922)</u>	<u>6,080,310</u>	<u>(2,700,612)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					9,859,634	-	9,859,634
Property taxes, levied for debt service					4,088,891	-	4,088,891
Property taxes, levied for TIF districts					2,184,884	-	2,184,884
Other taxes					202,222	-	202,222
Intergovernmental revenues not restricted to specific programs					514,297	28,750	543,047
Miscellaneous					81,689	-	81,689
Public gifts and grants					82,840	-	82,840
Investment income					504,314	36,988	541,302
Transfers					<u>(2,502,896)</u>	<u>2,502,896</u>	<u>-</u>
Total general revenues and transfers					<u>15,015,875</u>	<u>2,568,634</u>	<u>17,584,509</u>
Change in net position					6,234,953	8,648,944	14,883,897
Net Position, Beginning					<u>94,498,642</u>	<u>79,300,824</u>	<u>173,799,466</u>
Net Position, Ending					<u>\$ 100,733,595</u>	<u>\$ 87,949,768</u>	<u>\$ 188,683,363</u>

See notes to financial statements

City of Verona

Balance Sheet
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Library</u>	<u>Capital Improvement Program</u>
Assets				
Treasurer's working cash	\$ 5,247,727	\$ 158,381	\$ 476,574	\$ 5,330,936
Receivables:				
Taxes	5,571,840	4,342,208	1,320,087	128,417
Delinquent personal property taxes	6,767	-	-	-
Accounts	302,888	-	-	108,736
Special assessments	2,032	-	-	-
Promissory notes	-	-	-	-
Other	72,538	-	-	-
Due from other governments	7,494	-	-	-
Advances to other funds	76,343	-	-	-
Prepaid items	133,056	-	495	1,152,810
Restricted cash	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 11,420,685</u>	<u>\$ 4,500,589</u>	<u>\$ 1,797,156</u>	<u>\$ 6,720,899</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 377,237	\$ -	\$ 40,197	\$ 418,410
Accrued liabilities	300,801	-	75,726	-
Deposits	66,509	-	-	-
Due to other governments	70,697	-	-	-
Due to other funds	72,594	-	-	-
Advances from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>887,838</u>	<u>-</u>	<u>115,923</u>	<u>418,410</u>
Deferred Inflows of Resources				
Unavailable revenues	14,261	-	-	-
Unearned revenues	<u>5,517,685</u>	<u>4,342,208</u>	<u>1,320,087</u>	<u>130,207</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>5,531,946</u>	<u>4,342,208</u>	<u>1,320,087</u>	<u>130,207</u>
Fund Balances				
Nonspendable	209,399	-	495	1,152,810
Restricted	-	158,381	360,651	3,350,579
Committed	-	-	-	-
Assigned	857,455	-	-	1,668,893
Unassigned (deficit)	<u>3,934,047</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,000,901</u>	<u>158,381</u>	<u>361,146</u>	<u>6,172,282</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,420,685</u>	<u>\$ 4,500,589</u>	<u>\$ 1,797,156</u>	<u>\$ 6,720,899</u>

See notes to financial statements

<u>TIF District No. 6</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 604,975	\$ 5,809,073	\$ 17,627,666
1,679,385	4,409,347	17,451,284
-	-	6,767
-	93,863	505,487
-	-	2,032
-	81,257	81,257
-	-	72,538
-	2,911	10,405
-	-	76,343
-	1,980	1,288,341
-	<u>2,748,023</u>	<u>2,748,023</u>
<u>\$ 2,284,360</u>	<u>\$ 13,146,454</u>	<u>\$ 39,870,143</u>

\$ 48,483	\$ 360,449	\$ 1,244,776
-	97,369	473,896
-	-	66,509
-	-	70,697
-	-	72,594
-	<u>76,343</u>	<u>76,343</u>
<u>48,483</u>	<u>534,161</u>	<u>2,004,815</u>

-	2,911	17,172
<u>1,679,385</u>	<u>4,409,347</u>	<u>17,398,919</u>

<u>1,679,385</u>	<u>4,412,258</u>	<u>17,416,091</u>
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-	1,980	1,364,684
556,492	3,170,860	7,596,963
-	5,107,049	5,107,049
-	-	2,526,348
-	<u>(79,854)</u>	<u>3,854,193</u>

<u>556,492</u>	<u>8,200,035</u>	<u>20,449,237</u>
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<u>\$ 2,284,360</u>	<u>\$ 13,146,454</u>	<u>\$ 39,870,143</u>
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See notes to financial statements

City of Verona

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances, Governmental Funds	\$ 20,449,237
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 2.	123,109,160
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.	17,172
The net pension asset/(liability) does not relate to current financial resources and is not reported in the governmental funds.	1,426,222
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,351,309
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(4,326,244)
The City's investment in the joint venture is not a financial resource and , therefore, is not reported in the funds.	561,817
Internal service funds are reported in the statement of net position as governmental activities.	394,566
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note 2.	<u>(44,249,644)</u>
Net Position of Governmental Activities	<u><u>\$ 100,733,595</u></u>

City of Verona

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Library</u>	<u>Capital Improvement Program</u>
Revenues				
Taxes	\$ 5,607,607	\$ 4,088,891	\$ 1,325,660	\$ 94,500
Intergovernmental	1,530,317	-	977,221	128,579
Public charges for services	187,468	-	3,090	93,930
Fines, forfeitures and penalties	118,427	-	5,068	-
Licenses and permits	411,392	-	-	-
Investment income	467,457	-	-	-
Miscellaneous revenues	<u>2,121</u>	<u>137,906</u>	<u>50,666</u>	<u>89,519</u>
Total revenues	<u>8,324,789</u>	<u>4,226,797</u>	<u>2,361,705</u>	<u>406,528</u>
Expenditures				
Current:				
General government	1,331,695	-	-	59,045
Public safety	4,194,670	-	-	-
Public works	1,386,276	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	902,626	-	1,980,865	-
Conservation and development	437,219	-	-	-
Capital outlay	28,362	-	10,166	4,850,598
Debt service:				
Principal	-	4,005,000	-	27,780
Interest and fiscal charges	<u>-</u>	<u>1,118,961</u>	<u>-</u>	<u>15,332</u>
Total expenditures	<u>8,280,848</u>	<u>5,123,961</u>	<u>1,991,031</u>	<u>4,952,755</u>
Excess (deficiency) of revenues over expenditures	<u>43,941</u>	<u>(897,164)</u>	<u>370,674</u>	<u>(4,546,227)</u>
Other Financing Sources (Uses)				
Debt issued	-	-	-	1,055,000
Premium on debt issued	-	70,840	-	12,160
Proceeds from sale of capital assets	555	-	-	-
Transfers in	706,888	841,719	107,000	540,800
Transfers out	<u>(540,800)</u>	<u>-</u>	<u>(391,719)</u>	<u>(30,000)</u>
Total other financing sources (uses)	<u>166,643</u>	<u>912,559</u>	<u>(284,719)</u>	<u>1,577,960</u>
Net change in fund balances	210,584	15,395	85,955	(2,968,267)
Fund Balances, Beginning	<u>4,790,317</u>	<u>142,986</u>	<u>275,191</u>	<u>9,140,549</u>
Fund Balances, Ending	<u><u>\$ 5,000,901</u></u>	<u><u>\$ 158,381</u></u>	<u><u>\$ 361,146</u></u>	<u><u>\$ 6,172,282</u></u>

See notes to financial statements

<u>TIF District No. 6</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 1,463,472	\$ 3,765,831	\$ 16,345,961
12,117	1,086,598	3,734,832
-	1,264,240	1,548,728
-	-	123,495
-	157,259	568,651
6,265	30,592	504,314
<u>37,965</u>	<u>112,358</u>	<u>430,535</u>
<u>1,519,819</u>	<u>6,416,878</u>	<u>23,256,516</u>
-	20,133	1,410,873
-	2,081,506	6,276,176
-	1,374,801	2,761,077
-	416,264	416,264
-	90,310	2,973,801
-	621,596	1,058,815
1,746,245	568,525	7,203,896
1,301,693	455,000	5,789,473
<u>73,119</u>	<u>40,129</u>	<u>1,247,541</u>
<u>3,121,057</u>	<u>5,668,264</u>	<u>29,137,916</u>
<u>(1,601,238)</u>	<u>748,614</u>	<u>(5,881,400)</u>
-	-	1,055,000
-	-	83,000
-	35,047	35,602
-	-	2,196,407
<u>-</u>	<u>(527,000)</u>	<u>(1,489,519)</u>
<u>-</u>	<u>(491,953)</u>	<u>1,880,490</u>
(1,601,238)	256,661	(4,000,910)
<u>2,157,730</u>	<u>7,943,374</u>	<u>24,450,147</u>
<u>\$ 556,492</u>	<u>\$ 8,200,035</u>	<u>\$ 20,449,237</u>

See 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
Year Ended December 31, 2020

Net Change in Fund Balances, Total Governmental Funds \$ (4,000,910)

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	7,203,896
Some items reported as capital outlay were not capitalized	(1,609,756)
Depreciation is reported in the government-wide financial statements	(3,725,580)

Contributed capital assets are reported as revenues in the government-wide financial statements.	7,204,201
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Capital assets contributed to business type activities are reported as capital outlay in the fund financial statements.	(3,209,784)
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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.	(148,475)
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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	(1,055,000)
Principal repaid	5,789,473

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. 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	51,870

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	(177,110)
Accrued interest on debt	25,387
Net pension asset/liability	2,901,832
Deferred outflows of resources related to pensions	(658,567)
Deferred inflows of resources related to pensions	(2,265,399)

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.	<u>(91,125)</u>
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Change in Net Position of Governmental Activities \$ 6,234,953

City of Verona

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>	
Assets					
Current assets:					
Cash and investments	\$ 3,192,865	\$ 2,282,950	\$ 972,307	\$ 6,448,122	\$ 269,474
Receivables:					
Other receivables	590,064	880,343	202,878	1,673,285	-
Due from other governments	1,198	2,652	479	4,329	-
Due from other funds	33,235	34,342	5,017	72,594	-
Inventories	29,183	-	-	29,183	-
Prepaid items	1,440	1,439	1,439	4,318	125,092
Restricted assets:					
Redemption account	<u>140,190</u>	<u>58,767</u>	<u>-</u>	<u>198,957</u>	<u>-</u>
Total current assets	<u>3,988,175</u>	<u>3,260,493</u>	<u>1,182,120</u>	<u>8,430,788</u>	<u>394,566</u>
Noncurrent assets:					
Restricted assets:					
Reserve account	501,278	280,910	-	782,188	-
Depreciation account	377,760	49,690	-	427,450	-
Replacement account	-	148,600	-	148,600	-
Construction account	-	3,936,428	-	3,936,428	-
Net pension asset	64,691	30,638	29,038	124,367	-
Capital assets:					
Intangible	-	-	112,000	112,000	-
Land and land rights	198,414	-	3,054,559	3,252,973	-
Construction in progress	24,712	756,773	1,008,261	1,789,746	-
Property and equipment	46,856,552	24,320,405	31,176,906	102,353,863	-
Less accumulated depreciation	(10,789,768)	(6,067,587)	(6,088,414)	(22,945,769)	-
Other assets:					
Unamortized investment in interceptor	<u>-</u>	<u>203,816</u>	<u>-</u>	<u>203,816</u>	<u>-</u>
Total noncurrent assets	<u>37,233,639</u>	<u>23,659,673</u>	<u>29,292,350</u>	<u>90,185,662</u>	<u>-</u>
Total assets	<u>41,221,814</u>	<u>26,920,166</u>	<u>30,474,470</u>	<u>98,616,450</u>	<u>394,566</u>
Deferred Outflows of Resources					
Unamortized loss on refunding	931	-	2,771	3,702	-
Pension related amounts	<u>148,565</u>	<u>70,889</u>	<u>59,981</u>	<u>279,435</u>	<u>-</u>
Total deferred outflows of resources	<u>149,496</u>	<u>70,889</u>	<u>62,752</u>	<u>283,137</u>	<u>-</u>

See notes to financial statements

City of Verona

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Liabilities					
Current liabilities:					
Accounts payable	\$ 23,935	\$ 700,183	\$ 19,241	\$ 743,359	-
Accrued wages	30,343	17,519	7,926	55,788	-
Accrued interest	10,016	35,099	2,650	47,765	-
Current portion of general obligation debt	225,000	415,000	190,000	830,000	-
Liabilities payable from restricted assets					
Current portion of revenue bonds	20,000	80,000	-	100,000	-
Accrued interest	498	1,993	-	2,491	-
Total current liabilities	<u>309,792</u>	<u>1,249,794</u>	<u>219,817</u>	<u>1,779,403</u>	<u>-</u>
Noncurrent liabilities:					
Long-term debt:					
General obligation	1,875,000	5,440,000	505,000	7,820,000	-
Revenue bonds	115,000	460,000	-	575,000	-
Unamortized premium	22,754	242,942	6,091	271,787	-
Compensated absences	81,583	60,535	24,484	166,602	-
Total noncurrent liabilities	<u>2,094,337</u>	<u>6,203,477</u>	<u>535,575</u>	<u>8,833,389</u>	<u>-</u>
Total liabilities	<u>2,404,129</u>	<u>7,453,271</u>	<u>755,392</u>	<u>10,612,792</u>	<u>-</u>
Deferred Inflows of Resources					
Unamortized gain on refunding	-	-	179	179	-
Pension related amounts	175,683	83,616	77,549	336,848	-
Total deferred inflows of resources	<u>175,683</u>	<u>83,616</u>	<u>77,728</u>	<u>337,027</u>	<u>-</u>
Net Position					
Net investment in capital assets	34,033,087	16,308,077	28,564,813	78,905,977	-
Restricted for:					
Debt service	640,970	337,684	-	978,654	-
Equipment replacement	-	148,600	-	148,600	-
Depreciation	377,760	49,690	-	427,450	-
Pension	64,691	30,638	29,038	124,367	-
Unrestricted	<u>3,674,990</u>	<u>2,579,479</u>	<u>1,110,251</u>	<u>7,364,720</u>	<u>394,566</u>
Total net position	<u>\$ 38,791,498</u>	<u>\$ 19,454,168</u>	<u>\$ 29,704,102</u>	<u>\$ 87,949,768</u>	<u>\$ 394,566</u>

See notes to financial statements

City of Verona

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Operating Revenues					
Charges for services	\$ 2,761,214	\$ 2,275,832	\$ 735,546	\$ 5,772,592	\$ 263,742
Total operating revenues	<u>2,761,214</u>	<u>2,275,832</u>	<u>735,546</u>	<u>5,772,592</u>	<u>263,742</u>
Operating Expenses					
Operation and maintenance	928,467	1,823,439	404,147	3,156,053	-
Depreciation	943,663	442,575	444,907	1,831,145	-
Amortization expense	-	33,969	-	33,969	-
Insurance services	-	-	-	-	263,742
Total operating expenses	<u>1,872,130</u>	<u>2,299,983</u>	<u>849,054</u>	<u>5,021,167</u>	<u>263,742</u>
Operating income (loss)	<u>889,084</u>	<u>(24,151)</u>	<u>(113,508)</u>	<u>751,425</u>	<u>-</u>
Nonoperating Revenues (Expenses)					
Interest expense	(58,827)	(88,953)	(18,212)	(165,992)	-
Amortization	5,273	3,995	5,899	15,167	-
Investment income	15,176	16,049	5,763	36,988	-
Debt issuance cost	-	(90,129)	-	(90,129)	-
Miscellaneous revenues	-	-	28,750	28,750	-
Total nonoperating revenues (expenses)	<u>(38,378)</u>	<u>(159,038)</u>	<u>22,200</u>	<u>(175,216)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>850,706</u>	<u>(183,189)</u>	<u>(91,308)</u>	<u>576,209</u>	<u>-</u>
Contributions and Transfers					
Capital contributions	1,686,111	1,028,321	2,855,407	5,569,839	-
Capital contributions, City	2,938,482	265,000	6,302	3,209,784	-
Transfers out	(706,888)	-	-	(706,888)	-
Total contributions and transfers	<u>3,917,705</u>	<u>1,293,321</u>	<u>2,861,709</u>	<u>8,072,735</u>	<u>-</u>
Change in net position	4,768,411	1,110,132	2,770,401	8,648,944	-
Net Position, Beginning	<u>34,023,087</u>	<u>18,344,036</u>	<u>26,933,701</u>	<u>79,300,824</u>	<u>394,566</u>
Net Position, Ending	<u>\$ 38,791,498</u>	<u>\$ 19,454,168</u>	<u>\$ 29,704,102</u>	<u>\$ 87,949,768</u>	<u>\$ 394,566</u>

See notes to financial statements

City of Verona

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Cash Flows From Operating Activities					
Received from customers	\$ 2,179,357	\$ 2,245,465	\$ 744,446	\$ 5,169,268	\$ 263,742
Received from City for services	615,811	-	-	615,811	-
Paid to suppliers for goods and services	(514,922)	(1,489,876)	(236,971)	(2,241,769)	(272,766)
Paid to employees for services	(375,000)	(211,781)	(156,012)	(742,793)	-
Net cash flows from operating activities	<u>1,905,246</u>	<u>543,808</u>	<u>351,463</u>	<u>2,800,517</u>	<u>(9,024)</u>
Cash Flows From Investing Activities					
Investment income	<u>15,176</u>	<u>16,049</u>	<u>5,763</u>	<u>36,988</u>	<u>-</u>
Net cash flows from investing activities	<u>15,176</u>	<u>16,049</u>	<u>5,763</u>	<u>36,988</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities					
Paid to municipality for tax equivalent	<u>(706,888)</u>	<u>-</u>	<u>-</u>	<u>(706,888)</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>(706,888)</u>	<u>-</u>	<u>-</u>	<u>(706,888)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Proceeds from debt issue	-	4,555,000	-	4,555,000	-
Debt retired	(370,000)	(245,000)	(175,000)	(790,000)	-
Interest paid	(60,398)	(56,904)	(19,020)	(136,322)	-
Debt issuance costs	-	(90,129)	-	(90,129)	-
Acquisitions and construction of capital assets	(179,280)	(624,316)	(174,964)	(978,560)	-
Capital contributions received	100,789	155,540	-	256,329	-
Premium on bonds	-	228,330	-	228,330	-
Net cash flows from capital and related financing activities	<u>(508,889)</u>	<u>3,922,521</u>	<u>(368,984)</u>	<u>3,044,648</u>	<u>-</u>
Net change in cash and cash equivalents	704,645	4,482,378	(11,758)	5,175,265	(9,024)
Cash and Cash Equivalents, Beginning	<u>3,507,448</u>	<u>2,274,967</u>	<u>984,065</u>	<u>6,766,480</u>	<u>278,498</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,212,093</u>	<u>\$ 6,757,345</u>	<u>\$ 972,307</u>	<u>\$ 11,941,745</u>	<u>\$ 269,474</u>

See notes to financial statements

City of Verona

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities					
Operating income (loss)	\$ 889,084	\$ (24,151)	\$ (113,508)	\$ 751,425	\$ -
Nonoperating revenue	-	-	28,750	28,750	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	943,663	442,575	444,907	1,831,145	-
Depreciation charged to other funds	46,759	-	-	46,759	-
Amortization	-	33,969	-	33,969	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	(4,051)	(30,045)	(12,421)	(46,517)	-
Other accounts receivable	(2,129)	-	(7,986)	(10,115)	-
Due from other funds	(6,625)	(323)	557	(6,391)	-
Materials and supplies	5,325	-	-	5,325	-
Prepayments	-	-	-	-	(9,024)
Accounts payable	4,783	118,946	10,315	134,044	-
Other current liabilities	31,177	7,940	(2,971)	36,146	-
Pension related deferrals and assets	(2,740)	(5,103)	3,820	(4,023)	-
Net cash flows from operating activities	<u>\$ 1,905,246</u>	<u>\$ 543,808</u>	<u>\$ 351,463</u>	<u>\$ 2,800,517</u>	<u>\$ (9,024)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds					
Cash and investments	\$ 3,192,865	\$ 2,282,950	\$ 972,307	\$ 6,448,122	\$ 269,474
Redemption account	140,190	58,767	-	198,957	-
Reserve account	501,278	280,910	-	782,188	-
Depreciation account	377,760	49,690	-	427,450	-
Construction account	-	3,936,428	-	3,936,428	-
Replacement account	-	148,600	-	148,600	-
Cash and cash equivalents	<u>\$ 4,212,093</u>	<u>\$ 6,757,345</u>	<u>\$ 972,307</u>	<u>\$ 11,941,745</u>	<u>\$ 269,474</u>
Noncash Capital and Related Financing Activities					
Developer financed additions to utility plant	<u>\$ 1,464,537</u>	<u>\$ 841,331</u>	<u>\$ 2,855,407</u>		<u>\$ -</u>
Municipality financed additions to utility plant	<u>\$ 2,938,482</u>	<u>\$ 265,000</u>	<u>\$ 6,302</u>		<u>\$ -</u>

See notes to financial statements

City of Verona

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2020

	Custodial Fund <u>Tax Collection</u>
Assets	
Cash and investments	\$ 19,974,370
Taxes receivable	<u>32,490,956</u>
Total assets	<u>52,465,326</u>
Liabilities	
Due to other governments	<u>52,465,326</u>
Total liabilities	<u>52,465,326</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

City of Verona

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2020

	Custodial Fund <u>Tax Collection</u>
Additions	
Property taxes collected for other governments	\$ 29,636,159
Total additions	<u>29,636,159</u>
Deductions	
Property taxes distributed to other governments	<u>29,636,159</u>
Total deductions	<u>29,636,159</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

City of Verona

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December 31, 2020

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City of Verona

Notes to Financial Statements
December 31, 2020

1. 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).

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The City has not identified any organizations that meet this criteria.

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.

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.

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 percent 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 percent test is at least 5 percent 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

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

Special Revenue Fund

Library Fund is used to account for and report activities related to the library.

Debt Service Fund

Debt Service Fund is 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 Projects Funds

Capital Improvement Program Fund is 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 District (TID) No. 6 is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Sewer Utility accounts for operations of the sewer system

Stormwater Utility accounts for operations of the stormwater system

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are 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
Cemetery

Impact Fees
Special Accounts
Economic Development Commission
Fire Department

Capital Projects Funds

Capital Projects Funds are 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. 9
TIF District No. 4	TIF District No. 10
TIF District No. 8	

In addition, the City reports the following fund types:

Internal Service Fund

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

Insurance Fund

Custodial Fund

Custodial Fund is used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

All Financial Statements

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

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

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

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

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

No policy exists for the following risks:

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 4. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

City of Verona

Notes to Financial Statements
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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, 2020, 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 4. for further information.

Receivables

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

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

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

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

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

Inventories and Prepaid Items

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

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

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.

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 \$5,000 for general capital assets and \$20,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	40-50 Years
Land Improvements	15-30 Years
Machinery and Equipment	3-15 Years
Utility System	5-100 Years
Infrastructure	20-75 Years
Intangible	8 Years

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.

City of Verona

Notes to Financial Statements
December 31, 2020

Other Assets

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

\$203,816 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.

Deferred Outflows of Resources

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

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

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, 2020, are determined on the basis of current salary rates and include salary related payments.

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 \$2,540,000, made up of 2 issues.

City of Verona

Notes to Financial Statements
December 31, 2020

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.

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.

Equity Classifications

Government-Wide Statements

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

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

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 84,431,016	\$ 78,905,977	\$ (1,240,287)	\$ 162,096,706
Unrestricted	10,787,859	7,364,720	1,240,287	19,392,866

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

City of Verona

Notes to Financial Statements
December 31, 2020

- c. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Council to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. *Unassigned* - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

The City has a formal minimum fund balance policy. That policy targets to maintain unassigned general fund balance between 25-35 percent of the total subsequent year's budgeted general fund expenditures. Amounts in excess of these targets are to be applied to one-time expenses or capital items. The unassigned general fund balance at year end was \$3,934,047, or 49.1 percent of 2021 budgeted general fund expenditures.

See Note 4. for further information.

Pension

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Basis for Existing Rates

Water Utility

Current water rates were approved by the PSCW effective September 16, 2019.

Sewer Utility

Current sewer rates were approved by the City council effective January 1, 2020.

Stormwater Utility

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

City of Verona

Notes to Financial Statements
December 31, 2020

2. Reconciliation of Government-Wide and Fund Financial Statements

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	\$	15,622,414
Right of way		15,684,149
Construction in progress		4,747,735
Land improvements		3,347,188
Buildings		30,464,247
Machinery and equipment		10,981,274
Infrastructure		65,939,805
Cemetery land		1,840,886
Intangibles		92,540
Less accumulated depreciation		<u>(25,611,078)</u>
Combined adjustment for capital assets	\$	<u>123,109,160</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	\$	(42,459,655)
Compensated absences		(1,275,407)
Accrued interest		(262,559)
Unamortized premium on debt		<u>(252,023)</u>
Combined adjustment for long-term liabilities	\$	<u>(44,249,644)</u>

3. Stewardship, Compliance and Accountability

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 1.

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

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

City of Verona

Notes to Financial Statements
December 31, 2020

Excess Expenditures and Other Financing Uses Over Appropriations

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt service fund	\$ 5,113,962	\$ 5,123,961	\$ 9,999
Capital improvement program	2,780,984	4,982,755	2,201,771
Refuse and recycling	765,812	772,499	6,687
Forestry	40,000	49,278	9,278
Special accounts	585,711	1,500,950	915,239
Economic development commission	-	215,970	215,970
Cemetery	13,950	52,929	38,979
Revolving funds	343,078	424,898	81,820
TIF District No. 4	609,559	635,119	25,560
TIF District No. 8	1,150	6,401	5,251
TIF District No. 9	1,150	2,970	1,820
TIF District No. 10	2,500	2,600	100

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.

Deficit Balances

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

As of December 31, 2020, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF District No. 8	\$ 34,732	Expenditures exceeded revenues.
TIF District No. 9	29,122	Expenditures exceeded revenues.
TIF District No. 10	16,000	Expenditures exceeded revenues.

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

Limitations on the City's Tax Levy

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

City of Verona

Notes to Financial Statements
December 31, 2020

4. Detailed Notes on All Funds

Deposits and Investments

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

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 27,738,921	\$ 27,984,637	Custodial credit
U.S. agencies, implicitly guaranteed	15,348,685	15,348,685	Credit, custodial credit, concentration of credit and interest rate
Other debt securities	2,880,070	2,880,070	Credit, custodial credit, concentration of credit and interest rate
LGIP	4,268,879	4,268,879	Credit
Corporate bonds	2,323,753	2,323,753	Credit, custodial credit, concentration of credit and interest rate
Petty cash	<u>970</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 52,561,278</u>	<u>\$ 52,806,024</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 24,345,262		
Restricted cash and investments	8,241,646		
Per statement of fiduciary net position - custodial fund			
Tax collection	<u>19,974,370</u>		
Total deposits and investments	<u>\$ 52,561,278</u>		

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

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

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

City of Verona

Notes to Financial Statements
December 31, 2020

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

The City maintains collateral agreements with its banks. At December 31, 2020, the banks had pledged various government securities in the amount of \$2,779,277 to secure the City's deposits.

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

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

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

Quoted market prices

Investment Type	December 31, 2020			Total
	Level 1	Level 2	Level 3	
U.S. agencies, implicitly guaranteed	\$ 999,240	\$ 14,349,445	\$ -	\$ 15,348,685
Other debt securities	-	2,880,070	-	2,880,070
Corporate bonds	<u>2,323,753</u>	<u>-</u>	<u>-</u>	<u>2,323,753</u>
Total	<u>\$ 3,322,993</u>	<u>\$ 17,229,515</u>	<u>\$ -</u>	<u>\$ 20,552,508</u>

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
December 31, 2020

As of December 31, 2020, the City's investments were rated as follows:

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

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

Local Government Investment Pool

Concentration of Credit Risk

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

At December 31, 2020, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corp	U.S. agencies implicitly guaranteed	25.60 %
Federal National Mortgage Association	U.S. agencies implicitly guaranteed	28.60
Corporate Bonds	Corporate bonds	9.40
Small Business Administration Bonds	Other debt securities	11.60

Interest Rate Risk

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

As of December 31, 2020, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>5 to 10+</u>
U.S. agencies implicitly guaranteed	\$ 15,348,685	\$ -	\$ 999,240	\$ 14,349,445
Other debt securities	2,880,070	-	231,352	2,648,718
Corporate bonds	<u>2,323,753</u>	<u>-</u>	<u>2,270,609</u>	<u>53,144</u>
Total	<u>\$ 20,552,508</u>	<u>\$ -</u>	<u>\$ 3,501,201</u>	<u>\$ 17,051,307</u>

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

Receivables

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

City of Verona

Notes to Financial Statements
December 31, 2020

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:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 16,654,563	\$ -
Delinquent personal property taxes receivable	-	9,678
Special charges placed on tax roll	723,959	-
Developer deposit	12,017	-
Dog licenses	6,590	-
Delinquent charges put on the tax roll	-	7,494
Revenues collected in advance	<u>1,790</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 17,398,919</u>	<u>\$ 17,172</u>

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

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

Equipment Replacement Account

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

Impact Fee Account

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

Net Pension Asset

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

City of Verona

Notes to Financial Statements
December 31, 2020

Following is a list of restricted assets at December 31, 2020:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 198,957	\$ 2,491	\$ 196,466
Bond reserve account	782,188	-	782,188
Bond depreciation account	427,450	-	427,450
Construction account	3,936,428	-	n/a
Equipment replacement account	148,600	-	148,600
Impact fee account	2,748,023	-	2,748,023
Net pension asset	<u>1,550,589</u>	<u>-</u>	<u>1,550,589</u>
Total	<u>\$ 9,792,235</u>	<u>\$ 2,491</u>	<u>\$ 5,853,316</u>

Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated / amortized:				
Land	\$ 14,882,047	\$ 740,367	\$ -	\$ 15,622,414
Right of way	15,679,037	5,112	-	15,684,149
Construction in progress	<u>5,975,189</u>	<u>1,982,331</u>	<u>3,209,785</u>	<u>4,747,735</u>
Total capital assets not being depreciated / amortized	<u>36,536,273</u>	<u>2,727,810</u>	<u>3,209,785</u>	<u>36,054,298</u>
Capital assets being depreciated / amortized:				
Land improvements	3,234,181	145,286	32,279	3,347,188
Buildings	30,515,121	87,441	138,315	30,464,247
Machinery and equipment	12,011,353	534,083	1,564,162	10,981,274
Streets	42,681,454	7,367,896	1,563,816	48,485,534
Intangible	92,540	-	-	92,540
Sidewalks	5,428,618	438,913	51,213	5,816,318
Curb and gutter	8,022,545	568,624	92,087	8,499,082
Street lights	2,210,582	928,289	-	3,138,871
Cemetery land	<u>1,840,886</u>	<u>-</u>	<u>-</u>	<u>1,840,886</u>
Total capital assets being depreciated / amortized	<u>106,037,280</u>	<u>10,070,532</u>	<u>3,441,872</u>	<u>112,665,940</u>
Total capital assets	<u>142,573,553</u>	<u>12,798,342</u>	<u>6,651,657</u>	<u>148,720,238</u>

City of Verona

Notes to Financial Statements
December 31, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation / amortization for:				
Land improvements	\$ (210,194)	\$ (122,556)	\$ 32,279	\$ (300,471)
Buildings	(6,601,262)	(738,296)	138,315	(7,201,243)
Machinery and equipment	(4,815,302)	(1,141,769)	1,564,162	(4,392,909)
Streets	(9,724,456)	(1,212,138)	1,563,816	(9,372,778)
Intangible	(9,254)	(6,169)	-	(15,423)
Sidewalks	(1,135,248)	(116,327)	51,213	(1,200,362)
Curb and gutter	(2,043,656)	(169,982)	92,087	(2,121,551)
Street lights	(761,058)	(209,363)	-	(970,421)
Cemetery land	(26,940)	(8,980)	-	(35,920)
Total accumulated depreciation / amortization	<u>(25,327,370)</u>	<u>(3,725,580)</u>	<u>3,441,872</u>	<u>(25,611,078)</u>
Net capital assets being depreciated / amortized	<u>80,709,910</u>	<u>6,344,952</u>	<u>-</u>	<u>87,054,862</u>
Total governmental activities capital assets, net of accumulated Depreciation/ Amortization	<u>\$ 117,246,183</u>	<u>\$ 9,072,762</u>	<u>\$ 3,209,785</u>	<u>\$ 123,109,160</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

Public safety	\$ 507,174
Health and human services	67,986
Public works	1,997,057
Culture, education and recreation	939,129
General government	213,053
Conservation and development	<u>1,181</u>

Total governmental activities depreciation / amortization expense \$ 3,725,580

City of Verona

Notes to Financial Statements
December 31, 2020

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 65,089	\$ 192,914	\$ 59,589	\$ 198,414
Construction in progress	<u>-</u>	<u>24,712</u>	<u>-</u>	<u>24,712</u>
Total capital assets not being depreciated	<u>65,089</u>	<u>217,626</u>	<u>59,589</u>	<u>223,126</u>
Capital assets being depreciated:				
Source of supply	895,060	532,909	-	1,427,969
Pumping	4,065,617	2,106,065	-	6,171,682
Water treatment	120,145	-	-	120,145
Transmission and distribution	36,408,684	1,678,336	52,899	38,034,121
General	<u>1,279,464</u>	<u>152,028</u>	<u>328,857</u>	<u>1,102,635</u>
Total capital assets being depreciated	<u>42,768,970</u>	<u>4,469,338</u>	<u>381,756</u>	<u>46,856,552</u>
Total capital assets	<u>42,834,059</u>	<u>4,686,964</u>	<u>441,345</u>	<u>47,079,678</u>
Less accumulated depreciation for:				
Water plant	<u>(10,149,502)</u>	<u>(990,422)</u>	<u>350,156</u>	<u>(10,789,768)</u>
Total accumulated depreciation	<u>(10,149,502)</u>	<u>(990,422)</u>	<u>350,156</u>	<u>(10,789,768)</u>
Net capital assets being depreciated	<u>32,619,468</u>	<u>3,478,916</u>	<u>31,600</u>	<u>36,066,784</u>
Net water capital assets	<u>\$ 32,684,557</u>	<u>\$ 3,696,542</u>	<u>\$ 91,189</u>	<u>\$ 36,289,910</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets not being depreciated:				
Construction in progress	\$ 166,329	\$ 590,444	\$ -	\$ 756,773
Total capital assets not being depreciated	<u>166,329</u>	<u>590,444</u>	<u>-</u>	<u>756,773</u>
Capital assets being depreciated:				
Collection system	22,083,212	1,111,590	69,247	23,125,555
General	<u>1,183,492</u>	<u>11,358</u>	<u>-</u>	<u>1,194,850</u>
Total capital assets being depreciated	<u>23,266,704</u>	<u>1,122,948</u>	<u>69,247</u>	<u>24,320,405</u>
Total capital assets	<u>23,433,033</u>	<u>1,713,392</u>	<u>69,247</u>	<u>25,077,178</u>
Less accumulated depreciation for:				
Sewer plant	<u>(5,694,259)</u>	<u>(442,575)</u>	<u>69,247</u>	<u>(6,067,587)</u>
Total accumulated Depreciation	<u>(5,694,259)</u>	<u>(442,575)</u>	<u>69,247</u>	<u>(6,067,587)</u>
Net capital assets being depreciated	<u>17,572,445</u>	<u>680,373</u>	<u>-</u>	<u>18,252,818</u>
Net sewer capital assets	<u>\$ 17,738,774</u>	<u>\$ 1,270,817</u>	<u>\$ -</u>	<u>\$ 19,009,591</u>

City of Verona

Notes to Financial Statements
December 31, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
Stormwater				
Capital assets not being depreciated:				
Intangible assets	\$ 112,000	\$ -	\$ -	\$ 112,000
Land and land rights	3,040,960	13,599	-	3,054,559
Construction in progress	<u>57,660</u>	<u>950,601</u>	-	<u>1,008,261</u>
Total capital assets not being Depreciated	<u>3,210,620</u>	<u>964,200</u>	-	<u>4,174,820</u>
Capital assets being depreciated:				
General plant	<u>29,223,688</u>	<u>2,072,473</u>	<u>119,255</u>	<u>31,176,906</u>
Total capital assets being Depreciated	<u>29,223,688</u>	<u>2,072,473</u>	<u>119,255</u>	<u>31,176,906</u>
Total capital assets	<u>32,434,308</u>	<u>3,036,673</u>	<u>119,255</u>	<u>35,351,726</u>
Less accumulated depreciation for:				
Stormwater plant	<u>(5,762,763)</u>	<u>(444,906)</u>	<u>119,255</u>	<u>(6,088,414)</u>
Total accumulated Depreciation	<u>(5,762,763)</u>	<u>(444,906)</u>	<u>119,255</u>	<u>(6,088,414)</u>
Net capital assets being Depreciated	<u>23,460,925</u>	<u>1,627,567</u>	-	<u>25,088,492</u>
Net stormwater capital assets	<u>\$ 26,671,545</u>	<u>\$ 2,591,767</u>	<u>\$ -</u>	<u>\$ 29,263,312</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 77,094,876</u>	<u>\$ 7,559,126</u>	<u>\$ 91,189</u>	<u>\$ 84,562,813</u>

Depreciation/amortization expense was charged to functions as follows:

Business-Type Activities

Water	\$ 943,663
Sewer	442,575
Stormwater	<u>444,907</u>
Total business-type activities depreciation expense	<u>\$ 1,831,145</u>

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

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Water utility	General fund	\$ 33,235
Sewer utility	General fund	34,342
Stormwater utility	General fund	<u>5,017</u>
Total internal balances, government-wide statement of net position		<u>\$ 72,594</u>

All amounts are due within one year.

City of Verona

Notes to Financial Statements
December 31, 2020

Advances

The general fund is advancing funds to TIF District No. 8, No. 9 and No. 10. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. The districts will pay back the advance with borrowed funds. No repayment schedule has been established and interest is not being charged. The balance at December 31, 2020 is \$76,343.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	TIF District No. 8	\$ 31,221	\$ 31,221
General fund	TIF District No. 9	29,122	29,122
General fund	TIF District No. 10	<u>16,000</u>	16,000
Total, fund financial statements		76,343	
Less fund eliminations		<u>(76,343)</u>	
Total, interfund advances, government-wide statement of net position		<u>\$ -</u>	

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt service	Library	\$ 391,719	Debt service
Debt service	Impact fees	450,000	Debt service
Capital improvement program	General fund	540,800	Capital projects
Library	Impact fees	77,000	Impact fees collection applied to library debt
Library	Capital improvement program	30,000	Transfer library rent for debt payment.
General	Water utility	<u>706,888</u>	Payment in lieu of taxes
Total, fund financial statements		2,196,407	
Less fund eliminations		(1,489,519)	
Less transfer utility capital assets to utilities from governmental activities		<u>(3,209,784)</u>	
Total transfers, government-wide statement of activities		<u>\$ (2,502,896)</u>	

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

City of Verona

Notes to Financial Statements
December 31, 2020

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 46,465,000	\$ 1,055,000	\$ 5,085,000	\$ 42,435,000	\$ 5,390,000
General obligation debt from direct borrowings and direct placements	729,128	-	704,473	24,655	7,996
Premiums	303,893	-	51,870	252,023	-
Subtotal	<u>47,498,021</u>	<u>1,055,000</u>	<u>5,841,343</u>	<u>42,711,678</u>	<u>5,397,996</u>
Other liabilities:					
Vested compensated absences	1,098,297	776,570	599,460	1,275,407	713,373
Total other liabilities	<u>1,098,297</u>	<u>776,570</u>	<u>599,460</u>	<u>1,275,407</u>	<u>713,373</u>
Total governmental activities long-term liabilities	<u>\$ 48,596,318</u>	<u>\$ 1,831,570</u>	<u>\$ 6,440,803</u>	<u>\$ 43,987,085</u>	<u>\$ 6,111,369</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 4,640,000	\$ 4,555,000	\$ 545,000	\$ 8,650,000	\$ 830,000
Revenue bonds	920,000	-	245,000	675,000	100,000
Premiums	59,195	228,330	15,738	271,787	-
Subtotal	<u>5,619,195</u>	<u>4,783,330</u>	<u>805,738</u>	<u>9,596,787</u>	<u>930,000</u>
Other liabilities:					
Vested compensated absences	138,097	83,877	55,372	166,602	-
Total other liabilities	<u>138,097</u>	<u>83,877</u>	<u>55,372</u>	<u>166,602</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 5,757,292</u>	<u>\$ 4,867,207</u>	<u>\$ 861,110</u>	<u>\$ 9,763,389</u>	<u>\$ 930,000</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5 percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2020, was \$163,653,455. Total general obligation debt outstanding at year end was \$51,109,655.

City of Verona

Notes to Financial Statements
December 31, 2020

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.

<u>Governmental Activities</u>					Balance
<u>General Obligation Debt</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>December 31,</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>2020</u>
General obligation corporate purpose bonds	07/27/2011	06/01/2023	0.90-3.00%	\$ 4,040,000	\$ 1,495,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	7,220,000	3,050,000
State Trust Fund loan - Direct	03/26/2013	03/15/2023	2.75%	75,000	24,655
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	5,215,000	3,355,000
General obligation promissory notes	06/26/2013	04/01/2023	1.00-2.10%	2,460,000	780,000
General obligation corporate purpose bonds	07/16/2014	6/01/2034	2.00-4.00%	8,690,000	6,360,000
General obligation promissory notes	07/22/2015	06/01/2025	2.00-2.50%	4,865,000	2,110,000
General obligation corporate purpose bonds	07/22/2015	06/01/2035	2.00-3.50%	4,765,000	3,940,000
General obligation promissory notes	07/26/2016	06/01/2026	1.45-2.00%	8,305,000	4,560,000
General obligation promissory notes	07/20/2017	06/01/2027	2.00-2.25%	1,360,000	885,000
General obligation corporate purpose bonds	07/20/2017	06/01/2037	3.00-3.15%	5,265,000	4,585,000
General obligation corporate purpose bonds	07/19/2018	06/01/2038	3.00-3.50%	4,230,000	3,960,000
General obligation promissory notes	07/19/2018	06/01/2028	2.50-3.00%	4,600,000	4,015,000
General obligation promissory bonds	07/17/2019	09/01/2034	2.50-4.00%	2,480,000	2,285,000
General obligation corporate purpose bonds	08/20/2020	09/01/2030	1.05-3.00%	1,055,000	<u>1,055,000</u>
Total governmental activities, general obligation debt					<u>\$ 42,459,655</u>

City of Verona

Notes to Financial Statements
December 31, 2020

<u>Business-Type Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2020</u>
General obligation corporate purpose bonds	07/27/2011	06/01/2021	0.90-2.80%	\$ 560,000	\$ 65,000
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	1,860,000	890,000
General obligation refunding bonds	06/26/2013	04/01/2030	2.00-3.25%	580,000	375,000
General obligation corporate purpose bonds	07/26/2016	06/01/2026	1.45-2.00%	1,450,000	895,000
General Obligation corporate purpose bonds	07/20/2017	06/01/2027	2.00-2.25%	1,675,000	1,210,000
General obligation corporate purpose bonds	07/19/2018	06/01/2038	3.00-3.50%	620,000	580,000
General obligation promissory notes	07/19/2018	06/01/2028	2.50-3.00%	100,000	80,000
General obligation corporate purpose bonds	08/20/2020	9/1/2039	1.05-3.00%	4,555,000	<u>4,555,000</u>
Total business-type activities, general obligation debt					<u>\$ 8,650,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 5,390,000	\$ 1,098,275	\$ 830,000	\$ 233,662
2022	5,320,000	969,824	785,000	204,682
2023	5,045,000	843,331	685,000	179,374
2024	4,100,000	727,661	685,000	156,123
2025	4,085,000	622,102	700,000	132,825
2026-2030	11,230,000	1,929,758	2,375,000	388,864
2031-2035	5,775,000	702,617	1,405,000	197,865
2036-2039	<u>1,490,000</u>	<u>64,362</u>	<u>1,185,000</u>	<u>57,581</u>
Total	<u>\$ 42,435,000</u>	<u>\$ 6,957,930</u>	<u>\$ 8,650,000</u>	<u>\$ 1,550,976</u>

<u>Years</u>	<u>Governmental Activities General Obligation Debt from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 7,996	\$ 678
2022	8,216	458
2023	<u>8,443</u>	<u>232</u>
Total	<u>\$ 24,655</u>	<u>\$ 1,368</u>

The City's outstanding State Trust Fund Loan from direct borrowings related to governmental activities of \$24,655 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the City.

City of Verona

Notes to Financial Statements
December 31, 2020

Revenue Debt

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

The water and sewer utilities has pledged future utility revenues to repay revenue bonds issued in 2006. Proceeds from the bonds provided financing for the water and sewer projects. The bonds are payable solely from water and sewer utility revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 2.40 percent of gross revenues. The total principal and interest remaining to be paid on the bonds is \$769,835. Principal and interest paid for the current year and total customer gross revenues were \$280,168 and \$5,331,359, respectively.

Revenue debt payable at December 31, 2020, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
<u>Water and Sewer Utility</u>					
Revenue bonds	07/01/2006	06/01/2026	4.10-4.50%	\$ 1,615,000	<u>\$ 675,000</u>
Total business-type activities, revenue debt					<u>\$ 675,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 100,000	\$ 27,725
2022	100,000	23,350
2023	110,000	18,730
2024	115,000	13,780
2025	125,000	8,437
2026-2026	<u>125,000</u>	<u>2,813</u>
Total	<u>\$ 675,000</u>	<u>\$ 94,835</u>

City of Verona

Notes to Financial Statements
December 31, 2020

Other Debt Information

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

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

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 15,622,414
Construction in progress	4,747,735
Right of way	15,684,149
Other capital assets, net of accumulated depreciation/amortization	87,054,862
Less long-term capital related debt outstanding	(41,776,700)
Plus unspent capital related debt proceeds	3,350,579
Less unamortized debt premium	<u>(252,023)</u>
Total net investment in capital assets	<u><u>\$ 84,431,016</u></u>

City of Verona

Notes to Financial Statements
December 31, 2020

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Library</u>	<u>Capital Improvement Program</u>	<u>TIF District No. 6</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances							
Nonspendable:							
Prepaid items	\$ 133,056	\$ -	\$ 495	\$ 1,152,810	\$ -	\$ 1,980	\$ 1,288,341
Long-term receivables	<u>76,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,343</u>
Subtotal	<u>209,399</u>	<u>-</u>	<u>495</u>	<u>1,152,810</u>	<u>-</u>	<u>1,980</u>	<u>1,364,684</u>
Restricted for:							
Debt service	-	158,381	-	-	-	-	158,381
Capital projects	-	-	-	3,350,579	-	-	3,350,579
Library purposes	-	-	360,651	-	-	-	360,651
TIF activities	-	-	-	-	556,492	157,310	713,802
Library facilities	-	-	-	-	-	390,228	390,228
Police facilities	-	-	-	-	-	1,222,375	1,222,375
Fire facilities	-	-	-	-	-	1,135,420	1,135,420
Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,527</u>	<u>265,527</u>
Subtotal	<u>-</u>	<u>158,381</u>	<u>360,651</u>	<u>3,350,579</u>	<u>556,492</u>	<u>3,170,860</u>	<u>7,596,963</u>
Committed to:							
Senior citizen activities and services	-	-	-	-	-	328,848	328,848
Refuse and recycling	-	-	-	-	-	160,770	160,770
Urban forestry programs	-	-	-	-	-	15,307	15,307
Cable operations	-	-	-	-	-	685,133	685,133
Tourism	-	-	-	-	-	174,094	174,094
Crime prevention	-	-	-	-	-	27,391	27,391
Fire and EMS	-	-	-	-	-	944,068	944,068
Council activities	-	-	-	-	-	100	100
EPIC grant activities	-	-	-	-	-	137,663	137,663
Equipment replacement	-	-	-	-	-	2,089,083	2,089,083
Economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,592</u>	<u>544,592</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,107,049</u>	<u>5,107,049</u>
Assigned to:							
Subsequent year's budget	425,000	-	-	-	-	-	425,000
Compensated absences payouts	432,455	-	-	-	-	-	432,455
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668,893</u>	<u>-</u>	<u>-</u>	<u>1,668,893</u>
Subtotal	<u>857,455</u>	<u>-</u>	<u>-</u>	<u>1,668,893</u>	<u>-</u>	<u>-</u>	<u>2,526,348</u>
Unassigned (deficit):	<u>3,934,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,854)</u>	<u>3,854,193</u>
Total fund balances	<u>\$ 5,000,901</u>	<u>\$ 158,381</u>	<u>\$ 361,146</u>	<u>\$ 6,172,282</u>	<u>\$ 556,492</u>	<u>\$ 8,200,035</u>	<u>\$ 20,449,237</u>

City of Verona

Notes to Financial Statements
December 31, 2020

Business-Type Activities

Net investment in capital assets:	
Land	\$ 3,252,973
Construction in progress	1,789,746
Intangible assets	112,000
Other capital assets, net of accumulated depreciation	79,408,094
Less Long-term debt outstanding	(9,325,000)
Plus unspent capital related debt proceeds	3,936,428
Plus unamortized loss on refunding	3,523
Less unamortized premium	<u>(271,787)</u>
Total net investment in capital assets	<u>\$ 78,905,977</u>

5. Other Information

Employees' Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011 and expected to work at least 1,200 hours a year (880 hours teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Vesting

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

Benefits Provided

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

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

City of Verona

Notes to Financial Statements
December 31, 2020

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$518,246 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

City of Verona

Notes to Financial Statements
December 31, 2020

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

At December 31, 2020, the City reported an asset of \$1,550,589 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.04808840 percent, which was an increase of 0.00281338 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$539,604.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,943,373	\$ 1,472,961
Changes in assumptions	120,832	-
Net differences between projected and actual earnings on pension plan investments	-	3,169,956
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,932	20,175
Employer contributions subsequent to the measurement date	<u>556,607</u>	<u>-</u>
Total	<u>\$ 3,630,744</u>	<u>\$ 4,663,092</u>

\$556,607 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ (476,396)
2022	(353,762)
2023	54,771
2024	(813,568)

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Verona

Notes to Financial Statements
December 31, 2020

Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

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

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
City's proportionate share of the net pension (asset) liability	\$ 3,993,045	\$ (1,550,589)	\$ (5,695,094)

Pension Plan Fiduciary Net Position

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

At December 31, 2020, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Public Entity Risk Pool

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

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

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

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

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.

City of Verona

Notes to Financial Statements
December 31, 2020

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$0 in the insurance internal service fund

The City pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2020 in CVMIC's balance sheet in liability reserves. The amount related to the City is \$0.

Commitments and Contingencies

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

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

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

The City has active construction projects as of December 31, 2020. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The Utilities have open contracts for approximately \$7,761,805 for the eastside interceptor project. As of December 31, 2020, approximately \$779,289 has been expended.

Developer Agreements

TIF No. 4

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

Payments are scheduled through the year 2023 and carry an interest rate of 7.5 percent. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The City has paid a total of \$1,352,535 as of December 31, 2020 for principal and interest.

TIF No. 6

In 2011, the City amended an agreement originally entered into during 2008, regarding the development of property within the Verona Technology Park located in TIF District No. 6. The agreement allows payments from the City to the developer based on the parcel improvement value excluding personal property each year. The payments are calculated from a formula based upon an \$8,000,000 target improvement value. If the improvement value is less, reduced developer payments are made by the city. Any payments made are from tax increments generated within the same TIF district. During 2020 the city did not make a payment. Since the payments are contingent upon the value of parcel value identified with the agreement, the obligation is not reported as a liability in the accompanying financial statements.

TIF No. 10

In 2020, the City issued a municipal revenue obligation as part of a development agreement with ACS Holdings, LLC. The amount of the obligation was \$800,000 and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 10. Payments are scheduled through the year 2041. 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.

Joint Ventures

Emergency Medical Services District

The City of Verona, the City of Fitchburg and the Town of Verona jointly operate the local EMS District, which is called the Fitch-Rona EMS District that provides emergency medical services. The communities share in the annual operation of the district based on the most recent equalized value of each municipality in the district. The governing body is made up of three citizens from each community. Local representatives are appointed by the district's governing bodies. The governing body of the district has the authority to prepare its own budget (which must then be approved by the council or board of the governing bodies) and control the financial affairs of the district. The City made payments of \$614,968 for operating and capital costs to the district for 2020. In addition to payments made by the City to the district, the city and town lease an EMS facility in Verona. The City believes that the district will continue to provide services in the future at similar rates. The transactions of the district are not reflected in these financial statements. The City accounts for its share of the operation in the special accounts special revenue fund. Financial information of the district is available directly from the district's office. The City has an equity interest of \$561,817 in the district that is accounted for in the governmental activities.

Subsequent Events

The City extended life of TIF District No. 6 in accordance with Wisconsin State Statute to use the final year's increment collected in 2022 from the 2021 tax roll to benefit affordable housing.

The sewer utility enacted a rate increase on January 1, 2021 in conjunction with a purchased treatment clause, which automatically adjusts rates for changes in purchased treatment charges.

On May 5, 2021 the City issued general obligation promissory notes in the amount of \$3,840,000 with an interest rate of 1.00 percent to 3.00 percent. This amount will be used for refunding previously issued 2013A bonds general obligation and financing stormwater projects.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*

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
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes			
Property	\$ 5,536,486	\$ 5,546,201	\$ 9,715
Use tax penalty	-	1,056	1,056
Other taxes	<u>180,000</u>	<u>60,350</u>	<u>(119,650)</u>
Total taxes	<u>5,716,486</u>	<u>5,607,607</u>	<u>(108,879)</u>
Intergovernmental Revenues			
State aid, shared taxes	132,366	132,978	612
State aid, road aid	1,077,974	1,077,974	-
State aid, exempt computer aid	167,691	167,691	-
State aid personal property tax aid	117,006	117,006	-
Other state payments	-	26,188	26,188
Payments for municipal services	<u>26,000</u>	<u>8,480</u>	<u>(17,520)</u>
Total intergovernmental revenues	<u>1,521,037</u>	<u>1,530,317</u>	<u>9,280</u>
Public Charges for Services			
Photocopies	-	1,007	1,007
Parks	42,000	52,502	10,502
Shelter and rental fees	8,000	4,198	(3,802)
Recreation programs	147,225	46,163	(101,062)
Swimming areas	28,000	40,167	12,167
Fairs, exhibits and celebrations	28,200	6,768	(21,432)
Stadium	1,500	-	(1,500)
Other public charges for services	<u>54,500</u>	<u>36,663</u>	<u>(17,837)</u>
Total public charges for services	<u>309,425</u>	<u>187,468</u>	<u>(121,957)</u>
Fines, Forfeitures and Penalties			
Court penalties and costs	110,000	107,343	(2,657)
Parking violations	<u>20,000</u>	<u>11,084</u>	<u>(8,916)</u>
Total fines, forfeitures and penalties	<u>130,000</u>	<u>118,427</u>	<u>(11,573)</u>
Licenses and Permits			
Liquor and malt beverage licenses	33,600	30,160	(3,440)
Operators' license	7,000	6,197	(803)
Cigarette licenses	900	993	93
Amusement device licenses	4,800	2,000	(2,800)
Bicycle licenses	-	15	15
Dog licenses	5,000	5,746	746
Building permits	162,493	116,912	(45,581)
Electrical permits	50,556	61,028	10,472
Plumbing permits	54,843	51,916	(2,927)
Heating and air conditioning permits	59,014	51,738	(7,276)
Erosion control permits	17,142	18,842	1,700
Plan review fees	51,480	60,630	9,150
Other regulatory permits and fees	<u>3,800</u>	<u>5,215</u>	<u>1,415</u>
Total licenses and permits	<u>450,628</u>	<u>411,392</u>	<u>(39,236)</u>

See notes to required supplementary information

City of Verona

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Investment Income			
Interest on investments	\$ 330,000	\$ 467,457	\$ 137,457
Total investment income	<u>330,000</u>	<u>467,457</u>	<u>137,457</u>
Miscellaneous Revenues			
Miscellaneous revenues	<u>-</u>	<u>2,121</u>	<u>2,121</u>
Total revenues	<u>8,457,576</u>	<u>8,324,789</u>	<u>(132,787)</u>
Expenditures			
General Government			
Mayor and City council	145,890	105,539	40,351
Municipal court	106,867	113,618	(6,751)
Administration	898,732	886,004	12,728
General buildings/plant/hall	89,920	96,640	(6,720)
Other insurance	155,000	129,894	25,106
Other general government	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Total general government	<u>1,476,409</u>	<u>1,331,695</u>	<u>144,714</u>
Public Safety			
Police	3,924,012	3,571,607	352,405
Emergency government	11,950	7,252	4,698
Hydrant rental	<u>615,811</u>	<u>615,811</u>	<u>-</u>
Total public safety	<u>4,551,773</u>	<u>4,194,670</u>	<u>357,103</u>
Public Works			
Highway	<u>1,593,132</u>	<u>1,386,276</u>	<u>206,856</u>
Culture, Recreation and Education			
Parks	702,877	633,630	69,247
Recreation programs and events	96,678	81,988	14,690
Recreation administration	157,004	148,323	8,681
Recreation facilities	15,500	4,624	10,876
Swimming areas	<u>34,500</u>	<u>34,061</u>	<u>439</u>
Total culture, recreation and education	<u>1,006,559</u>	<u>902,626</u>	<u>103,933</u>
Conservation and Development			
Building Inspection	262,941	267,316	(4,375)
Planning	259,992	156,201	103,791
Tourism/City beautification	<u>40,000</u>	<u>13,702</u>	<u>26,298</u>
Total conservation and development	<u>562,933</u>	<u>437,219</u>	<u>125,714</u>

See notes to required supplementary information

City of Verona

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Capital Outlay			
Capital outlay	\$ 26,770	\$ 28,362	\$ (1,592)
Total expenditures	<u>9,217,576</u>	<u>8,280,848</u>	<u>936,728</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(760,000)</u>	<u>43,941</u>	<u>803,941</u>
Other Financing Sources (Uses)			
Transfers in, utility PILOT	760,000	706,888	(53,112)
Transfers out	(540,800)	(540,800)	-
Proceeds from sale of capital assets	<u>-</u>	<u>555</u>	<u>555</u>
Total other financing sources (uses)	<u>219,200</u>	<u>166,643</u>	<u>(52,557)</u>
Net change in fund balance	(540,800)	210,584	751,384
Fund Balance, Beginning	<u>4,790,317</u>	<u>4,790,317</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,249,517</u>	<u>\$ 5,000,901</u>	<u>\$ 751,384</u>

See notes to required supplementary information

City of Verona

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Library
For the Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes			
Property	<u>\$ 1,325,660</u>	<u>\$ 1,325,660</u>	<u>\$ -</u>
Total taxes	<u>1,325,660</u>	<u>1,325,660</u>	<u>-</u>
Intergovernmental			
Other state payments	<u>-</u>	<u>9,466</u>	<u>9,466</u>
County aid, libraries	<u>966,892</u>	<u>967,755</u>	<u>863</u>
Total intergovernmental	<u>966,892</u>	<u>977,221</u>	<u>10,329</u>
Fines, forfeitures and penalties			
Other law and ordinance violations	<u>10,000</u>	<u>5,068</u>	<u>(4,932)</u>
Total fines, forfeitures and penalties	<u>10,000</u>	<u>5,068</u>	<u>(4,932)</u>
Public charges for services			
Photocopies	<u>8,000</u>	<u>3,090</u>	<u>(4,910)</u>
Total public charges for services	<u>8,000</u>	<u>3,090</u>	<u>(4,910)</u>
Miscellaneous revenues			
Donations	<u>35,000</u>	<u>34,977</u>	<u>(23)</u>
Other miscellaneous	<u>15,691</u>	<u>15,689</u>	<u>(2)</u>
Total miscellaneous revenues	<u>50,691</u>	<u>50,666</u>	<u>(25)</u>
Total revenues	<u>2,361,243</u>	<u>2,361,705</u>	<u>462</u>
Expenditures			
Culture, recreation and education			
Library	<u>2,059,924</u>	<u>1,980,865</u>	<u>79,059</u>
Total culture, recreation and education	<u>2,059,924</u>	<u>1,980,865</u>	<u>79,059</u>
Capital Outlay			
Capital outlay	<u>16,600</u>	<u>10,166</u>	<u>6,434</u>
Total capital outlay	<u>16,600</u>	<u>10,166</u>	<u>6,434</u>
Total expenditures	<u>2,076,524</u>	<u>1,991,031</u>	<u>85,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>284,719</u>	<u>370,674</u>	<u>85,955</u>

See notes to required supplementary information

City of Verona

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Library
For the Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Financing Sources (Uses)			
Transfers in	\$ 107,000	\$ 107,000	\$ -
Transfers out	<u>(391,719)</u>	<u>(391,719)</u>	<u>-</u>
Total other financing sources (uses)	<u>(284,719)</u>	<u>(284,719)</u>	<u>-</u>
Net change in fund balance	-	85,955	85,955
Fund Balance, Beginning	<u>275,191</u>	<u>275,191</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 275,191</u>	<u>\$ 361,146</u>	<u>\$ 85,955</u>

See notes to required supplementary information

City of Verona

Schedule of Proportionate Share of the Net Pension Liability (Asset) -

Wisconsin Retirement System

Year Ended December 31, 2020

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/20	0.04808840%	\$ (1,550,589)	\$ 6,251,620	24.80%	102.96%
12/31/19	0.04527502%	1,610,743	5,977,401	26.95%	96.45%
12/31/18	0.04160076%	(1,235,175)	5,372,913	22.99%	102.93%
12/31/17	0.03845535%	316,964	4,933,900	6.42%	99.12%
12/31/16	0.03721105%	604,672	4,593,045	13.16%	98.20%
12/31/15	0.03657574%	(898,153)	4,286,287	20.25%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2020

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/20	\$ 556,607	\$ 556,607	\$ -	\$ 6,234,971	8.93%
12/31/19	521,492	521,492	-	6,254,499	8.34%
12/31/18	503,440	503,440	-	5,977,401	8.42%
12/31/17	486,150	486,150	-	5,357,116	9.07%
12/31/16	388,287	388,287	-	4,933,900	7.87%
12/31/15	366,842	366,842	-	4,593,045	7.99%

See notes to required supplementary information

City of Verona

Notes to Required Supplementary Information
Year Ended December 31, 2020

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 1.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

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

Wisconsin Retirement System

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

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

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

Changes in assumptions. No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION

City of Verona

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

	Special Revenue Funds		
	Senior Citizens Center	Refuse and Recycling	Forestry
Assets			
Treasurer's working cash	\$ 354,173	\$ 212,857	\$ 9,947
Receivables:			
Taxes	467,589	733,959	17,000
Accounts	-	2,536	5,400
Promissory notes	-	-	-
Due from other governments	-	2,911	-
Restricted cash	-	-	-
Inventories and prepayments	495	495	-
	<u>495</u>	<u>495</u>	<u>-</u>
Total assets	<u>\$ 822,257</u>	<u>\$ 952,758</u>	<u>\$ 32,347</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 10,156	\$ 50,440	\$ 40
Accrued liabilities	15,169	4,183	-
Advances from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>25,325</u>	<u>54,623</u>	<u>40</u>
Deferred Inflows of Resources			
Unavailable revenues	-	2,911	-
Unearned revenues	467,589	733,959	17,000
	<u>467,589</u>	<u>736,870</u>	<u>17,000</u>
Total deferred inflows of resources	<u>467,589</u>	<u>736,870</u>	<u>17,000</u>
Fund Balances (Deficit)			
Nonspendable	495	495	-
Restricted	-	-	-
Committed	328,848	160,770	15,307
Unassigned (Deficit)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>329,343</u>	<u>161,265</u>	<u>15,307</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 822,257</u>	<u>\$ 952,758</u>	<u>\$ 32,347</u>

Special Revenue Funds						Capital Projects Funds
Cable Franchise	Impact Fees	Special Accounts	Economic Development Commission	Fire Department	Cemetery	Revolving Funds
\$ 655,210	\$ -	\$ 550,616	\$ 475,659	\$ 1,060,345	\$ 265,527	\$ 2,079,753
-	-	637,280	-	1,254,163	-	560,000
33,557	-	17,323	-	-	-	35,047
-	-	-	68,933	-	-	-
-	-	-	-	-	-	-
-	2,748,023	-	-	-	-	-
495	-	-	-	495	-	-
<u>\$ 689,262</u>	<u>\$ 2,748,023</u>	<u>\$ 1,205,219</u>	<u>\$ 544,592</u>	<u>\$ 2,315,003</u>	<u>\$ 265,527</u>	<u>\$ 2,674,800</u>
\$ -	\$ -	\$ 217,797	\$ -	\$ 52,788	\$ -	\$ 25,717
3,634	-	-	-	74,383	-	-
-	-	-	-	-	-	-
<u>3,634</u>	<u>-</u>	<u>217,797</u>	<u>-</u>	<u>127,171</u>	<u>-</u>	<u>25,717</u>
-	-	-	-	-	-	-
-	-	637,280	-	1,254,163	-	560,000
-	-	637,280	-	1,254,163	-	560,000
495	-	-	-	495	-	-
-	2,748,023	-	-	-	265,527	-
685,133	-	350,142	544,592	933,174	-	2,089,083
-	-	-	-	-	-	-
<u>685,628</u>	<u>2,748,023</u>	<u>350,142</u>	<u>544,592</u>	<u>933,669</u>	<u>265,527</u>	<u>2,089,083</u>
<u>\$ 689,262</u>	<u>\$ 2,748,023</u>	<u>\$ 1,205,219</u>	<u>\$ 544,592</u>	<u>\$ 2,315,003</u>	<u>\$ 265,527</u>	<u>\$ 2,674,800</u>

City of Verona

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

	Capital Projects Funds		
	TIF District No. 4	TIF District No. 8	TIF District No. 9
Assets			
Treasurer's working cash	\$ 144,986	\$ -	\$ -
Receivables:			
Taxes	726,702	-	12,654
Accounts	-	-	-
Promissory notes	12,324	-	-
Due from other governments	-	-	-
Restricted cash	-	-	-
Inventories and prepayments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 884,012</u>	<u>\$ -</u>	<u>\$ 12,654</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 3,511	\$ -
Accrued liabilities	-	-	-
Advances from other funds	-	31,221	29,122
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>34,732</u>	<u>29,122</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Unearned revenues	726,702	-	12,654
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>726,702</u>	<u>-</u>	<u>12,654</u>
Fund Balances (Deficit)			
Nonspendable	-	-	-
Restricted	157,310	-	-
Committed	-	-	-
Unassigned (Deficit)	-	(34,732)	(29,122)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>157,310</u>	<u>(34,732)</u>	<u>(29,122)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 884,012</u>	<u>\$ -</u>	<u>\$ 12,654</u>

<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>TIF District No. 10</u>	
\$ -	\$ 5,809,073
-	4,409,347
-	93,863
-	81,257
-	2,911
-	2,748,023
-	1,980
<u>\$ -</u>	<u>\$ 13,146,454</u>

\$ -	\$ 360,449
-	97,369
<u>16,000</u>	<u>76,343</u>
<u>16,000</u>	<u>534,161</u>
-	2,911
-	4,409,347
-	4,412,258
-	1,980
-	3,170,860
-	5,107,049
<u>(16,000)</u>	<u>(79,854)</u>
<u>(16,000)</u>	<u>8,200,035</u>
<u>\$ -</u>	<u>\$ 13,146,454</u>

City of Verona

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue Funds		
	Senior Citizens Center	Refuse and Recycling	Forestry
Revenues			
Taxes	\$ 510,944	\$ 10,000	\$ 14,000
Intergovernmental	2,487	21,903	5,400
Public charges for services	19,169	712,089	16,550
Licenses and permits	-	-	-
Investment income	-	-	-
Miscellaneous revenues	-	540	-
Total revenues	<u>532,600</u>	<u>744,532</u>	<u>35,950</u>
Expenditures			
Current:			
General government	283	-	-
Public safety	-	-	-
Public works	-	772,499	49,278
Health and human services	406,505	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	-	-
Capital outlay	2,267	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>409,055</u>	<u>772,499</u>	<u>49,278</u>
Excess (deficiency) of revenues over expenditures	<u>123,545</u>	<u>(27,967)</u>	<u>(13,328)</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	123,545	(27,967)	(13,328)
Fund Balances (Deficit), Beginning	<u>205,798</u>	<u>189,232</u>	<u>28,635</u>
Fund Balances (Deficit), Ending	<u>\$ 329,343</u>	<u>\$ 161,265</u>	<u>\$ 15,307</u>

Special Revenue Funds						Capital Projects Funds
Cable Franchise	Impact Fees	Special Accounts	Economic Development Commission	Fire Department	Cemetery	Revolving Funds
\$ -	\$ -	\$ 708,327	\$ -	\$ 1,224,748	\$ -	\$ 576,400
14,800	-	553,024	-	334,800	-	116,067
-	496,817	-	-	-	19,615	-
133,844	-	-	-	23,415	-	-
-	13,250	-	1,320	-	1,427	11,689
-	-	85,861	-	7,125	-	18,832
<u>148,644</u>	<u>510,067</u>	<u>1,347,212</u>	<u>1,320</u>	<u>1,590,088</u>	<u>21,042</u>	<u>722,988</u>
-	-	19,850	-	-	-	-
-	-	663,161	-	1,418,345	-	-
-	-	553,024	-	-	-	-
-	-	-	-	-	9,759	-
87,582	-	2,728	-	-	-	-
-	-	262,187	215,970	-	-	-
-	-	-	-	89,668	43,170	424,898
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>87,582</u>	<u>-</u>	<u>1,500,950</u>	<u>215,970</u>	<u>1,508,013</u>	<u>52,929</u>	<u>424,898</u>
<u>61,062</u>	<u>510,067</u>	<u>(153,738)</u>	<u>(214,650)</u>	<u>82,075</u>	<u>(31,887)</u>	<u>298,090</u>
-	-	-	-	-	-	35,047
-	(527,000)	-	-	-	-	-
-	(527,000)	-	-	-	-	35,047
61,062	(16,933)	(153,738)	(214,650)	82,075	(31,887)	333,137
<u>624,566</u>	<u>2,764,956</u>	<u>503,880</u>	<u>759,242</u>	<u>851,594</u>	<u>297,414</u>	<u>1,755,946</u>
<u>\$ 685,628</u>	<u>\$ 2,748,023</u>	<u>\$ 350,142</u>	<u>\$ 544,592</u>	<u>\$ 933,669</u>	<u>\$ 265,527</u>	<u>\$ 2,089,083</u>

City of Verona

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2020

	Capital Projects Funds		
	TIF District No. 4	TIF District No. 8	TIF District No. 9
Revenues			
Taxes	\$ 712,915	\$ -	\$ 8,497
Intergovernmental	38,117	-	-
Public charges for services	-	-	-
Licenses and permits	-	-	-
Investment income	2,906	-	-
Miscellaneous revenues	-	-	-
Total revenues	<u>753,938</u>	<u>-</u>	<u>8,497</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and human services	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	131,468	6,401	2,970
Capital outlay	8,522	-	-
Debt service:			
Principal	455,000	-	-
Interest and fiscal charges	40,129	-	-
Total expenditures	<u>635,119</u>	<u>6,401</u>	<u>2,970</u>
Excess (deficiency) of revenues over expenditures	<u>118,819</u>	<u>(6,401)</u>	<u>5,527</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	118,819	(6,401)	5,527
Fund Balances (Deficit), Beginning	<u>38,491</u>	<u>(28,331)</u>	<u>(34,649)</u>
Fund Balances (Deficit), Ending	<u>\$ 157,310</u>	<u>\$ (34,732)</u>	<u>\$ (29,122)</u>

<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>TIF District No. 10</u>	
\$ -	\$ 3,765,831
-	1,086,598
-	1,264,240
-	157,259
-	30,592
-	<u>112,358</u>
-	<u>6,416,878</u>
-	20,133
-	2,081,506
-	1,374,801
-	416,264
-	90,310
2,600	621,596
-	568,525
-	455,000
-	<u>40,129</u>
<u>2,600</u>	<u>5,668,264</u>
<u>(2,600)</u>	<u>748,614</u>
-	35,047
-	<u>(527,000)</u>
-	<u>(491,953)</u>
(2,600)	256,661
<u>(13,400)</u>	<u>7,943,374</u>
<u>\$ (16,000)</u>	<u>\$ 8,200,035</u>