

City of Verona

Financial Statements and
Supplementary Information

December 31, 2021

City of Verona

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Independent Auditors' Report

To the City Council of
City of Verona

Opinions

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 (the City), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of December 31, 2021 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 31, 2022

City of Verona

Statement of Net Position
December 31, 2021

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 19,928,282	\$ 6,995,273	\$ 26,923,555
Receivables (net):			
Taxes receivable	18,240,898	-	18,240,898
Delinquent personal property taxes	1,731	-	1,731
Accounts	701,261	1,243,350	1,944,611
Special assessments	2,032	-	2,032
Promissory notes	35,025	-	35,025
Other	63,459	218,716	282,175
Due from other governmental units	14,211	-	14,211
Internal balances	(66,835)	66,835	-
Inventories	-	31,464	31,464
Prepaid items	347,128	4,386	351,514
Other assets	-	169,847	169,847
Restricted assets:			
Cash and investments	1,865,787	1,605,257	3,471,044
Net pension asset	2,828,834	243,882	3,072,716
Investment in joint venture	800,622	-	800,622
Capital assets:			
Capital assets not being depreciated/amortized	32,361,045	10,581,921	42,942,966
Other capital assets net of accumulated depreciation/amortization	<u>92,276,343</u>	<u>83,155,759</u>	<u>175,432,102</u>
Total assets	<u>169,399,823</u>	<u>104,316,690</u>	<u>273,716,513</u>
Deferred Outflows of Resources			
Unamortized loss on refunding	-	752	752
Pension related amounts	<u>4,718,019</u>	<u>401,646</u>	<u>5,119,665</u>
Total deferred outflows of resources	<u>4,718,019</u>	<u>402,398</u>	<u>5,120,417</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	1,174,683	626,134	1,800,817
Other accrued liabilities	245,066	17,856	262,922
Due to other governmental units	69,509	-	69,509
Accrued interest	223,791	48,942	272,733
Deposits	2,643,612	-	2,643,612
Unearned revenues	442,539	-	442,539
Liabilities payable from restricted assets:			
Current portion of revenue bonds	-	100,000	100,000
Accrued interest	-	2,129	2,129
Noncurrent liabilities:			
Due within one year	5,470,955	925,000	6,395,955
Due in more than one year	<u>31,282,888</u>	<u>9,440,692</u>	<u>40,723,580</u>
Total liabilities	<u>41,553,043</u>	<u>11,160,753</u>	<u>52,713,796</u>

See notes to financial statements

City of Verona

Statement of Net Position
December 31, 2021

	Governmental Activities	Business- Type Activities	Total
Deferred Inflows of Resources			
Unearned revenues	\$ 18,193,729	\$ -	\$ 18,193,729
Unamortized gain on refunding	-	45	45
Pension related amounts	<u>6,236,540</u>	<u>501,540</u>	<u>6,738,080</u>
Total deferred inflows of resources	<u>24,430,269</u>	<u>501,585</u>	<u>24,931,854</u>
Net Position			
Net investment in capital assets	90,887,160	83,613,133	174,038,073
Restricted for:			
Debt service	-	883,883	883,883
TIF activities	2,687,910	-	2,687,910
Library	495,896	-	495,896
Impact fees	1,865,787	-	1,865,787
Cemetery	285,677	-	285,677
Pension	2,828,834	243,882	3,072,716
Depreciation	-	427,450	427,450
Equipment replacement	-	164,400	164,400
Unrestricted	<u>9,083,266</u>	<u>7,724,002</u>	<u>17,269,488</u>
Total net position	<u>\$ 108,134,530</u>	<u>\$ 93,056,750</u>	<u>\$201,191,280</u>

See notes to financial statements

City of Verona

Statement of Activities

Year Ended December 31, 2021

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	\$ 1,330,326	\$ 248,129	\$ -	\$ -	\$ (1,082,197)	\$ -	\$ (1,082,197)
Public safety	6,643,370	783,265	204,243	150,921	(5,504,941)	-	(5,504,941)
Health and human services	459,955	40,659	25	-	(419,271)	-	(419,271)
Public works	6,507,060	1,105,828	1,626,322	2,675,154	(1,099,756)	-	(1,099,756)
Culture, education and recreation	3,783,082	459,426	1,121,076	175,497	(2,027,083)	-	(2,027,083)
Conservation and development	788,108	55,169	3,000	124,756	(605,183)	-	(605,183)
Interest and fiscal charges	881,193	-	-	-	(881,193)	-	(881,193)
Total governmental activities	<u>20,393,094</u>	<u>2,692,476</u>	<u>2,954,666</u>	<u>3,126,328</u>	<u>(11,619,624)</u>	<u>-</u>	<u>(11,619,624)</u>
Business-type activities:							
Water utility	2,037,989	2,793,319	-	2,080,916	-	2,836,246	2,836,246
Sewer utility	2,547,907	2,564,541	-	1,386,632	-	1,403,266	1,403,266
Stormwater utility	949,656	751,393	-	1,801,351	-	1,603,088	1,603,088
Total business-type activities	<u>5,535,552</u>	<u>6,109,253</u>	<u>-</u>	<u>5,268,899</u>	<u>-</u>	<u>5,842,600</u>	<u>5,842,600</u>
Total	<u>\$ 25,928,646</u>	<u>\$ 8,801,729</u>	<u>\$ 2,954,666</u>	<u>\$ 8,395,227</u>	<u>(11,619,624)</u>	<u>5,842,600</u>	<u>(5,777,024)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					9,893,090	-	9,893,090
Property taxes, levied for debt service					4,342,208	-	4,342,208
Property taxes, levied for TIF districts					2,418,741	-	2,418,741
Other taxes					342,669	-	342,669
Intergovernmental revenues not restricted to specific programs					764,207	-	764,207
Miscellaneous					452,512	-	452,512
Public gifts and grants					61,388	-	61,388
Investment income					292	9,834	10,126
Transfers					<u>745,452</u>	<u>(745,452)</u>	<u>-</u>
Total general revenues and transfers					<u>19,020,559</u>	<u>(735,618)</u>	<u>18,284,941</u>
Change in net position					7,400,935	5,106,982	12,507,917
Net Position, Beginning					<u>100,733,595</u>	<u>87,949,768</u>	<u>188,683,363</u>
Net Position, Ending					<u>\$ 108,134,530</u>	<u>\$ 93,056,750</u>	<u>\$ 201,191,280</u>

See notes to financial statements

City of Verona

Balance Sheet
Governmental Funds
December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement Program</u>
Assets			
Treasurer's working cash	\$ 6,571,923	\$ 69,287	\$ 3,724,183
Receivables:			
Taxes	5,771,116	4,140,461	110,184
Delinquent personal property taxes	1,731	-	-
Accounts	354,486	-	240,198
Special assessments	2,032	-	-
Promissory notes	-	-	-
Other	63,459	-	-
Due from other governments	11,755	-	-
Advances to other funds	63,483	-	-
Prepaid items	169,730	-	-
Restricted cash	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 13,009,715</u>	<u>\$ 4,209,748</u>	<u>\$ 4,074,565</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 666,243	\$ -	\$ 264,394
Accrued liabilities	117,563	-	-
Deposits	920,331	-	-
Due to other governments	69,509	-	-
Due to other funds	66,835	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,840,481</u>	<u>-</u>	<u>264,394</u>
Deferred Inflows of Resources			
Unavailable revenues	13,486	-	-
Unearned revenues	<u>5,723,947</u>	<u>4,140,461</u>	<u>110,184</u>
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>5,737,433</u>	<u>4,140,461</u>	<u>110,184</u>
Fund Balances			
Nonspendable	233,213	-	-
Restricted	-	69,287	1,054,709
Committed	-	-	-
Assigned	1,105,034	-	2,645,278
Unassigned (deficit)	<u>4,093,554</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,431,801</u>	<u>69,287</u>	<u>3,699,987</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,009,715</u>	<u>\$ 4,209,748</u>	<u>\$ 4,074,565</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 9,265,122	\$ 19,630,515
8,219,137	18,240,898
-	1,731
106,577	701,261
-	2,032
35,025	35,025
-	63,459
2,456	14,211
-	63,483
51,135	220,865
<u>1,865,787</u>	<u>1,865,787</u>
<u>\$ 19,545,239</u>	<u>\$ 40,839,267</u>

\$ 310,771	\$ 1,241,408
60,778	178,341
1,723,281	2,643,612
-	69,509
-	66,835
63,483	63,483
<u>442,539</u>	<u>442,539</u>
<u>2,600,852</u>	<u>4,705,727</u>

2,128	15,614
<u>8,219,137</u>	<u>18,193,729</u>
<u>8,221,265</u>	<u>18,209,343</u>

51,135	284,348
3,664,354	4,788,350
5,124,489	5,124,489
-	3,750,312
<u>(116,856)</u>	<u>3,976,698</u>
<u>8,723,122</u>	<u>17,924,197</u>

<u>\$ 19,545,239</u>	<u>\$ 40,839,267</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, 2021

Total Fund Balances, Governmental Funds	\$ 17,924,197
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.	124,637,388
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.	15,614
The net pension asset/(liability) does not relate to current financial resources and is not reported in the governmental funds.	2,828,834
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	4,718,019
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(6,236,540)
The City's investment in the joint venture is not a financial resource and , therefore, is not reported in the funds.	800,622
Internal service funds are reported in the statement of net position as governmental activities.	424,030
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>(36,977,634)</u>
Net Position of Governmental Activities	<u><u>\$ 108,134,530</u></u>

City of Verona

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement Program</u>
Revenues			
Taxes	\$ 5,615,641	\$ 4,342,208	\$ 128,417
Intergovernmental	1,910,910	-	5,000
Public charges for services	335,066	-	170,497
Fines, forfeitures and penalties	172,530	-	-
Licenses and permits	514,731	-	-
Investment income (loss)	(7,832)	-	-
Miscellaneous revenues	1,158	-	252,320
	<u>8,542,204</u>	<u>4,342,208</u>	<u>556,234</u>
Total revenues	<u>8,542,204</u>	<u>4,342,208</u>	<u>556,234</u>
Expenditures			
Current:			
General government	1,235,976	-	9,998
Public safety	4,286,316	-	-
Public works	1,475,278	-	-
Health and human services	-	-	-
Culture, recreation and education	989,429	-	-
Conservation and development	403,683	-	-
Capital outlay	43,208	-	3,739,901
Debt service:			
Principal	-	6,880,000	32,996
Interest and fiscal charges	-	1,051,615	3,134
	<u>8,433,890</u>	<u>7,931,615</u>	<u>3,786,029</u>
Total expenditures	<u>8,433,890</u>	<u>7,931,615</u>	<u>3,786,029</u>
Excess (deficiency) of revenues over expenditures	<u>108,314</u>	<u>(3,589,407)</u>	<u>(3,229,795)</u>
Other Financing Sources (Uses)			
Refunding debt issued	-	1,700,000	-
Premium on debt issued	-	117,019	-
Proceeds from sale of capital assets	2,134	-	362,500
Transfers in	745,452	1,683,294	425,000
Transfers out	(425,000)	-	(30,000)
	<u>322,586</u>	<u>3,500,313</u>	<u>757,500</u>
Total other financing sources (uses)	<u>322,586</u>	<u>3,500,313</u>	<u>757,500</u>
Net change in fund balances	430,900	(89,094)	(2,472,295)
Fund Balances, Beginning	<u>5,000,901</u>	<u>158,381</u>	<u>6,172,282</u>
Fund Balances, Ending	<u>\$ 5,431,801</u>	<u>\$ 69,287</u>	<u>\$ 3,699,987</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 6,918,389	\$ 17,004,655
2,524,139	4,440,049
1,337,280	1,842,843
6,208	178,738
140,937	655,668
8,124	292
<u>514,228</u>	<u>767,706</u>
<u>11,449,305</u>	<u>24,889,951</u>
-	1,245,974
2,263,360	6,549,676
1,792,193	3,267,471
425,991	425,991
2,192,847	3,182,276
364,205	767,888
1,098,966	4,882,075
2,270,000	9,182,996
<u>73,069</u>	<u>1,127,818</u>
<u>10,480,631</u>	<u>30,632,165</u>
<u>968,674</u>	<u>(5,742,214)</u>
260,000	1,960,000
13,774	130,793
16,295	380,929
107,000	2,960,746
<u>(1,760,294)</u>	<u>(2,215,294)</u>
<u>(1,363,225)</u>	<u>3,217,174</u>
(394,551)	(2,525,040)
<u>9,117,673</u>	<u>20,449,237</u>
<u>\$ 8,723,122</u>	<u>\$ 17,924,197</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, 2021

Net Change in Fund Balances, Total Governmental Funds \$ (2,525,040)

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	4,882,075
Some items reported as capital outlay were not capitalized	(1,532,674)
Depreciation is reported in the government-wide financial statements	(3,600,428)

Contributed capital assets are reported as revenues in the government-wide financial statements.	1,779,255
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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.	(1,558)
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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	(1,960,000)
Principal repaid	9,182,996

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	76,965

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	(66,719)
Accrued interest on debt	38,768
Net pension asset/liability	1,402,612
Deferred outflows of resources related to pensions	1,366,710
Deferred inflows of resources related to pensions	(1,910,296)

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.	238,805
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Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities	<u>29,464</u>
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Change in Net Position of Governmental Activities \$ 7,400,935

City of Verona

Statement of Net Position
 Proprietary Funds
 December 31, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Assets					
Current assets:					
Cash and investments	\$ 3,937,144	\$ 2,474,218	\$ 583,911	\$ 6,995,273	\$ 297,767
Receivables:					
Other receivables	469,697	796,143	196,226	1,462,066	-
Due from other funds	30,628	31,353	4,854	66,835	-
Inventories	31,464	-	-	31,464	-
Prepaid items	1,463	1,462	1,461	4,386	126,263
Restricted assets:					
Redemption account	140,190	58,767	-	198,957	-
Total current assets	<u>4,610,586</u>	<u>3,361,943</u>	<u>786,452</u>	<u>8,758,981</u>	<u>424,030</u>
Noncurrent assets:					
Restricted assets:					
Reserve account	501,278	185,777	-	687,055	-
Depreciation account	377,760	49,690	-	427,450	-
Replacement account	-	164,400	-	164,400	-
Construction account	-	127,395	-	127,395	-
Net pension asset	119,805	74,509	49,568	243,882	-
Capital assets:					
Intangible	-	-	112,000	112,000	-
Land and land rights	198,414	-	3,054,559	3,252,973	-
Construction in progress	-	4,566,105	2,650,843	7,216,948	-
Property and equipment	49,035,863	25,164,445	33,228,740	107,429,048	-
Less accumulated depreciation	(11,786,333)	(6,183,575)	(6,303,381)	(24,273,289)	-
Other assets:					
Unamortized investment in interceptor	-	169,847	-	169,847	-
Total noncurrent assets	<u>38,446,787</u>	<u>24,318,593</u>	<u>32,792,329</u>	<u>95,557,709</u>	<u>-</u>
Total assets	<u>43,057,373</u>	<u>27,680,536</u>	<u>33,578,781</u>	<u>104,316,690</u>	<u>424,030</u>
Deferred Outflows of Resources					
Unamortized loss on refunding	752	-	-	752	-
Pension related amounts	206,411	108,248	86,987	401,646	-
Total deferred outflows of resources	<u>207,163</u>	<u>108,248</u>	<u>86,987</u>	<u>402,398</u>	<u>-</u>

See notes to financial statements

City of Verona

Statement of Net Position
 Proprietary Funds
 December 31, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Liabilities					
Current liabilities:					
Accounts payable	\$ 15,409	\$ 563,927	\$ 46,798	\$ 626,134	\$ -
Accrued wages	8,253	6,239	3,364	17,856	-
Accrued interest	8,453	30,306	10,183	48,942	-
Current portion of general obligation debt	235,000	425,000	265,000	925,000	-
Liabilities payable from restricted assets:					
Current portion of revenue bonds	20,000	80,000	-	100,000	-
Accrued interest	426	1,703	-	2,129	-
Total current liabilities	<u>287,541</u>	<u>1,107,175</u>	<u>325,345</u>	<u>1,720,061</u>	<u>-</u>
Noncurrent liabilities:					
Long-term debt:					
General obligation	1,635,000	5,015,000	1,780,000	8,430,000	-
Revenue bonds	95,000	380,000	-	475,000	-
Unamortized premium	25,092	212,588	84,968	322,648	-
Compensated absences	79,052	78,279	55,713	213,044	-
Total noncurrent liabilities	<u>1,834,144</u>	<u>5,685,867</u>	<u>1,920,681</u>	<u>9,440,692</u>	<u>-</u>
Total liabilities	<u>2,121,685</u>	<u>6,793,042</u>	<u>2,246,026</u>	<u>11,160,753</u>	<u>-</u>
Deferred Inflows of Resources					
Unamortized gain on refunding	-	-	45	45	-
Pension related amounts	256,586	133,932	111,022	501,540	-
Total deferred inflows of resources	<u>256,586</u>	<u>133,932</u>	<u>111,067</u>	<u>501,585</u>	<u>-</u>
Net Position					
Net investment in capital assets	35,438,604	17,561,782	30,612,747	83,613,133	-
Restricted for:					
Debt service	641,042	242,841	-	883,883	-
Equipment replacement	-	164,400	-	164,400	-
Depreciation	377,760	49,690	-	427,450	-
Pension	119,805	74,509	49,568	243,882	-
Unrestricted	4,309,054	2,768,588	646,360	7,724,002	424,030
Total net position	<u>\$ 40,886,265</u>	<u>\$ 20,861,810</u>	<u>\$ 31,308,675</u>	<u>\$ 93,056,750</u>	<u>\$ 424,030</u>

See notes to financial statements

City of Verona

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Operating Revenues					
Charges for services	\$ 2,793,319	\$ 2,564,541	\$ 751,393	\$ 6,109,253	\$ 311,264
Total operating revenues	<u>2,793,319</u>	<u>2,564,541</u>	<u>751,393</u>	<u>6,109,253</u>	<u>311,264</u>
Operating Expenses					
Operation and maintenance	991,219	1,949,294	418,041	3,358,554	-
Depreciation	1,001,499	454,975	472,668	1,929,142	-
Amortization expense	-	33,969	-	33,969	-
Insurance services	-	-	-	-	281,800
Total operating expenses	<u>1,992,718</u>	<u>2,438,238</u>	<u>890,709</u>	<u>5,321,665</u>	<u>281,800</u>
Operating income (loss)	<u>800,601</u>	<u>126,303</u>	<u>(139,316)</u>	<u>787,588</u>	<u>29,464</u>
Nonoperating Revenues (Expenses)					
Interest expense	(49,881)	(140,023)	(35,393)	(225,297)	-
Debt issuance costs	(3,373)	-	(31,583)	(34,956)	-
Investment income	3,973	4,376	1,485	9,834	-
Amortization of debt premium	7,983	30,354	8,029	46,366	-
Total nonoperating revenues (expenses)	<u>(41,298)</u>	<u>(105,293)</u>	<u>(57,462)</u>	<u>(204,053)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>759,303</u>	<u>21,010</u>	<u>(196,778)</u>	<u>583,535</u>	<u>29,464</u>
Contributions and Transfers					
Capital contributions	2,080,916	1,386,632	1,801,351	5,268,899	-
Transfers out	(745,452)	-	-	(745,452)	-
Total contributions and transfers	<u>1,335,464</u>	<u>1,386,632</u>	<u>1,801,351</u>	<u>4,523,447</u>	<u>-</u>
Change in net position	2,094,767	1,407,642	1,604,573	5,106,982	29,464
Net Position, Beginning	<u>38,791,498</u>	<u>19,454,168</u>	<u>29,704,102</u>	<u>87,949,768</u>	<u>394,566</u>
Net Position, Ending	<u>\$ 40,886,265</u>	<u>\$ 20,861,810</u>	<u>\$ 31,308,675</u>	<u>\$ 93,056,750</u>	<u>\$ 424,030</u>

See notes to financial statements

City of Verona

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2021

	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	\$ 2,227,858	\$ 2,535,974	\$ 758,687	\$ 5,522,519	\$ 311,264
Received from city for services	615,811	-	-	615,811	-
Paid to suppliers for goods and services	(661,641)	(1,793,724)	(172,946)	(2,628,311)	(282,971)
Paid to employees for services	<u>(387,364)</u>	<u>(243,235)</u>	<u>(209,960)</u>	<u>(840,559)</u>	<u>-</u>
Net cash flows from operating activities	<u>1,794,664</u>	<u>499,015</u>	<u>375,781</u>	<u>2,669,460</u>	<u>28,293</u>
Cash Flows From Investing Activities					
Investment income	<u>3,973</u>	<u>4,376</u>	<u>1,485</u>	<u>9,834</u>	<u>-</u>
Net cash flows from investing activities	<u>3,973</u>	<u>4,376</u>	<u>1,485</u>	<u>9,834</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities					
Paid to municipality for tax equivalent	<u>(745,452)</u>	<u>-</u>	<u>-</u>	<u>(745,452)</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>(745,452)</u>	<u>-</u>	<u>-</u>	<u>(745,452)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Proceeds from debt issue	180,000	-	1,700,000	1,880,000	-
Debt retired	(430,000)	(495,000)	(350,000)	(1,275,000)	-
Interest paid	(51,516)	(145,106)	(27,860)	(224,482)	-
Debt issuance costs net of premium	7,126	-	57,961	65,087	-
Acquisitions and construction of capital assets	(2,216,217)	(3,882,397)	(2,145,763)	(8,244,377)	-
Capital contributions received	<u>2,201,701</u>	<u>322,014</u>	<u>-</u>	<u>2,523,715</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(308,906)</u>	<u>(4,200,489)</u>	<u>(765,662)</u>	<u>(5,275,057)</u>	<u>-</u>
Net change in cash and cash equivalents	744,279	(3,697,098)	(388,396)	(3,341,215)	28,293
Cash and Cash Equivalents, Beginning	<u>4,212,093</u>	<u>6,757,345</u>	<u>972,307</u>	<u>11,941,745</u>	<u>269,474</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,956,372</u>	<u>\$ 3,060,247</u>	<u>\$ 583,911</u>	<u>\$ 8,600,530</u>	<u>\$ 297,767</u>

See notes to financial statements

City of Verona

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	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)	\$ 800,601	\$ 126,303	\$ (139,316)	\$ 787,588	\$ 29,464
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	1,001,499	454,975	472,668	1,929,142	-
Depreciation charged to other funds	46,963	-	-	46,963	-
Amortization	-	33,969	-	33,969	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	3,074	(34,459)	(810)	(32,195)	-
Other accounts receivable	(2,084)	2,738	7,941	8,595	-
Due from other funds	2,397	3,154	163	5,714	-
Materials and supplies	(2,281)	-	-	(2,281)	-
Prepayments	(23)	(23)	(22)	(68)	(1,171)
Accounts payable	1,196	(63,192)	22,553	(39,443)	-
Other current liabilities	(24,621)	6,464	26,667	8,510	-
Pension related deferrals and assets	(32,057)	(30,914)	(14,063)	(77,034)	-
Net cash flows from operating activities	<u>\$ 1,794,664</u>	<u>\$ 499,015</u>	<u>\$ 375,781</u>	<u>\$ 2,669,460</u>	<u>\$ 28,293</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds					
Cash and investments	\$ 3,937,144	\$ 2,474,218	\$ 583,911	\$ 6,995,273	\$ 297,767
Redemption account	140,190	58,767	-	198,957	-
Reserve account	501,278	185,777	-	687,055	-
Depreciation account	377,760	49,690	-	427,450	-
Construction account	-	127,395	-	127,395	-
Replacement account	-	164,400	-	164,400	-
Cash and cash equivalents	<u>\$ 4,956,372</u>	<u>\$ 3,060,247</u>	<u>\$ 583,911</u>	<u>\$ 8,600,530</u>	<u>\$ 297,767</u>
Noncash Capital and Related Financing Activities					
Developer financed additions to utility plant	<u>\$ 1,957,002</u>	<u>\$ 1,183,026</u>	<u>\$ 1,801,351</u>		<u>\$ -</u>

See notes to financial statements

City of Verona

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2021

	Custodial Fund <u>Tax Collection</u>
Assets	
Cash and investments	\$ 13,766,054
Taxes receivable	<u>36,197,450</u>
Total assets	<u>49,963,504</u>
Liabilities	
Due to other governments	<u>49,963,504</u>
Total liabilities	<u>49,963,504</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, 2021

	<u>Custodial Fund Tax Collection</u>
Additions	
Property taxes collected for other governments	\$ 32,061,403
Total additions	<u>32,061,403</u>
Deductions	
Property taxes distributed to other governments	<u>32,061,403</u>
Total deductions	<u>32,061,403</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, 2021

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City of Verona

Notes to Financial Statements
December 31, 2021

1. Summary of Significant Accounting Policies

The accounting policies of the City of Verona, Wisconsin (the City) 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% of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

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.

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).

Library
Senior Citizens Center
Refuse and Recycling
Forestry
Cable Franchise

Impact Fees
Special Accounts
Economic Development Commission
Fire Department
Cemetery

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

In addition, the City reports the following fund types:

Internal Service Fund

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
December 31, 2021

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, 2021, 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 - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale - 2021 delinquent real estate taxes	October 2024

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.

Other Assets

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

\$169,847 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, 2021, 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 \$1,600,000, made up of 2 issues.

City of Verona

Notes to Financial Statements
December 31, 2021

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	\$ 90,887,160	\$ 83,613,133	\$ (462,220)	\$ 174,038,073
Unrestricted	9,083,266	7,724,002	462,220	17,269,488

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

Fund Statements

Governmental fund balances are displayed as follows:

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

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

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 expense or capital items. The unassigned general fund balance at year end was \$4,093,554 or 42.3% of 2022 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 December 18, 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, 2021

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	\$	16,395,462
Right of way		15,684,149
Construction in progress		281,434
Land improvements		3,347,188
Buildings		30,464,247
Machinery and equipment		12,798,061
Infrastructure		72,006,196
Cemetery land		1,840,886
Intangibles		92,540
Less accumulated depreciation		<u>(28,272,775)</u>
Combined adjustment for capital assets	\$	<u>124,637,388</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	\$	(35,236,659)
Compensated absences		(1,342,126)
Accrued interest		(223,791)
Unamortized premium on debt		<u>(175,058)</u>
Combined adjustment for long-term liabilities	\$	<u>(36,977,634)</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, 2021

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	\$ 5,267,031	\$ 7,931,615	\$ 2,664,584
Capital improvement program	647,048	3,816,029	3,168,981
Refuse and recycling	791,054	801,968	10,914
Forestry	35,500	40,384	4,884
Cable franchise	113,206	134,384	21,178
Impact fees	542,000	1,392,000	850,000
Special accounts	699,380	1,836,596	1,137,216
Fire department	1,648,381	1,900,125	251,744
TIF District No. 4	611,229	904,286	293,057
TIF District No. 6	713,785	1,580,477	866,692
TIF District No. 8	2,900	331,100	328,200
TIF District No. 9	3,200	30,023	26,823

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, 2021, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF District No. 8	\$ 53,373	Expenditures exceeded revenues.
TIF District No. 9	46,491	Expenditures exceeded revenues.
TIF District No. 10	16,992	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, 2021

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	\$ 17,104,542	\$ 17,219,605	Custodial credit
U.S. agencies, implicitly guaranteed	15,499,523	15,499,523	Credit, custodial credit, concentration of credit and interest rate
Other debt securities	3,235,115	3,235,115	Credit, custodial credit, concentration of credit and interest rate
LGIP	5,992,670	5,992,670	Credit
Corporate bonds	2,327,833	2,328,484	Credit, custodial credit, concentration of credit and interest rate
Petty cash	<u>970</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 44,160,653</u>	<u>\$ 44,275,397</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 26,923,555		
Restricted cash and investments	3,471,044		
Per statement of fiduciary net position - custodial fund:			
Tax collection	<u>13,766,054</u>		
Total deposits and investments	<u>\$ 44,160,653</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, 2021

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, 2021, the banks had pledged various government securities in the amount of \$2,304,270 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, 2021			Total
	Level 1	Level 2	Level 3	
U.S. agencies, implicitly guaranteed	\$ 989,082	\$ 14,510,441	\$ -	\$ 15,499,523
Other debt securities	-	3,235,115	-	3,235,115
Corporate bonds	2,328,484	-	-	2,328,484
Total	<u>\$ 3,317,566</u>	<u>\$ 17,745,556</u>	<u>\$ -</u>	<u>\$ 21,063,122</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, 2021

As of December 31, 2021, the City's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poors
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, 2021, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Mortgage Corp	U.S. agencies implicitly guaranteed	23.20 %
Federal Home Loan Bank	U.S. agencies implicitly guaranteed	20.70
Federal National Mortgage Association	U.S. agencies implicitly guaranteed	19.20
Corporate Bonds	Corporate bonds	9.80
Small Business Administration Bonds	Other debt securities	13.60

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, 2021, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. agencies explicitly guaranteed	\$ 15,499,523	\$ 702,799	\$ 4,940,370	\$ -	\$ 9,856,354
Other debt securities	3,235,115	-	135,054	886,659	2,213,402
Corporate bonds	<u>2,328,484</u>	<u>-</u>	<u>2,196,797</u>	<u>131,687</u>	<u>-</u>
Total	<u>\$ 21,063,122</u>	<u>\$ 702,799</u>	<u>\$ 7,272,221</u>	<u>\$ 1,018,346</u>	<u>\$ 12,069,756</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, 2021

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	\$ 17,433,104	\$ -
Delinquent personal property taxes receivable	-	3,859
Special charges placed on tax roll	733,806	-
Developer deposit	21,784	-
Dog licenses	5,035	-
Delinquent charges put on the tax roll	-	11,755
American Rescue Plan Act grant	<u>442,539</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 18,636,268</u>	<u>\$ 15,614</u>
Unearned revenue included in liabilities	\$ 442,539	
Unearned revenue included in deferred inflows	<u>18,193,729</u>	
Total unearned revenue for governmental funds	<u>\$ 18,636,268</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.

City of Verona

Notes to Financial Statements
December 31, 2021

Net Pension Asset

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

Following is a list of restricted assets at December 31, 2021:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 198,957	\$ 2,129	\$ 196,828
Bond reserve account	687,055	-	687,055
Bond depreciation account	427,450	-	427,450
Construction account	127,395	-	n/a
Equipment replacement account	164,400	-	164,400
Impact fee account	1,865,787	-	1,865,787
Net pension asset	<u>3,072,716</u>	<u>-</u>	<u>3,072,716</u>
Total	<u>\$ 6,543,760</u>	<u>\$ 2,129</u>	<u>\$ 6,414,236</u>

Capital Assets

Capital asset activity for the year ended December 31, 2021, 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	\$ 15,622,414	\$ 773,048	\$ -	\$ 16,395,462
Right of way	15,684,149	-	-	15,684,149
Construction in progress	<u>4,747,735</u>	<u>670,854</u>	<u>5,137,155</u>	<u>281,434</u>
Total capital assets not being depreciated / amortized	<u>36,054,298</u>	<u>1,443,902</u>	<u>5,137,155</u>	<u>32,361,045</u>
Capital assets being depreciated / amortized:				
Land improvements	3,347,188	-	-	3,347,188
Buildings	30,464,247	-	-	30,464,247
Machinery and equipment	10,981,274	2,041,438	224,651	12,798,061
Streets	48,485,534	5,777,475	563,324	53,699,685
Intangible	92,540	-	-	92,540
Sidewalks	5,816,318	759,666	67,181	6,508,803
Curb and gutter	8,499,082	214,611	60,461	8,653,232
Street lights	3,138,871	28,719	23,114	3,144,476
Cemetery land	<u>1,840,886</u>	<u>-</u>	<u>-</u>	<u>1,840,886</u>
Total capital assets being depreciated / amortized	<u>112,665,940</u>	<u>8,821,909</u>	<u>938,731</u>	<u>120,549,118</u>
Total capital assets	<u>148,720,238</u>	<u>10,265,811</u>	<u>6,075,886</u>	<u>152,910,163</u>

City of Verona

Notes to Financial Statements
December 31, 2021

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation / amortization for:				
Land improvements	\$ (300,471)	\$ (125,451)	\$ -	\$ (425,922)
Buildings	(7,201,243)	(678,130)	-	(7,879,373)
Machinery and equipment	(4,392,909)	(926,227)	224,651	(5,094,485)
Streets	(9,372,778)	(1,342,492)	563,324	(10,151,946)
Intangible	(15,423)	(6,169)	-	(21,592)
Sidewalks	(1,200,362)	(130,177)	67,181	(1,263,358)
Curb and gutter	(2,121,551)	(173,065)	60,461	(2,234,155)
Street lights	(970,421)	(209,737)	23,114	(1,157,044)
Cemetery land	(35,920)	(8,980)	-	(44,900)
Total accumulated depreciation / amortization	<u>(25,611,078)</u>	<u>(3,600,428)</u>	<u>938,731</u>	<u>(28,272,775)</u>
Net capital assets being depreciated / amortized	<u>87,054,862</u>	<u>5,221,481</u>	<u>-</u>	<u>92,276,343</u>
Total governmental activities capital assets, net of accumulated Depreciation/ Amortization	<u>\$ 123,109,160</u>	<u>\$ 6,665,383</u>	<u>\$ 5,137,155</u>	<u>\$ 124,637,388</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

Public safety	\$ 489,709
Health and human services	48,263
Public works	2,086,322
Culture, education and recreation	891,381
General government	<u>84,753</u>
Total governmental activities depreciation / amortization expense	<u>\$ 3,600,428</u>

City of Verona

Notes to Financial Statements
December 31, 2021

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 198,414	\$ -	\$ -	\$ 198,414
Construction in progress	24,712	-	24,712	-
Total capital assets not being Depreciated	<u>223,126</u>	<u>-</u>	<u>24,712</u>	<u>198,414</u>
Capital assets being depreciated:				
Source of supply	1,427,969	-	-	1,427,969
Pumping	6,171,682	25,635	-	6,197,317
Water treatment	120,145	-	-	120,145
Transmission and distribution	38,034,121	2,205,573	51,897	40,187,797
General	1,102,635	-	-	1,102,635
Total capital assets being depreciated	<u>46,856,552</u>	<u>2,231,208</u>	<u>51,897</u>	<u>49,035,863</u>
Total capital assets	<u>47,079,678</u>	<u>2,231,208</u>	<u>76,609</u>	<u>49,234,277</u>
Less accumulated depreciation for:				
Water plant	<u>(10,789,768)</u>	<u>(1,048,462)</u>	<u>51,897</u>	<u>(11,786,333)</u>
Total accumulated depreciation	<u>(10,789,768)</u>	<u>(1,048,462)</u>	<u>51,897</u>	<u>(11,786,333)</u>
Net capital assets being depreciated	<u>36,066,784</u>	<u>1,182,746</u>	<u>-</u>	<u>37,249,530</u>
Net water capital assets	<u>\$ 36,289,910</u>	<u>\$ 1,182,746</u>	<u>\$ 24,712</u>	<u>\$ 37,447,944</u>
Sewer				
Capital assets not being depreciated:				
Construction in progress	\$ 756,773	\$ 3,809,332	\$ -	\$ 4,566,105
Total capital assets not being depreciated	<u>756,773</u>	<u>3,809,332</u>	<u>-</u>	<u>4,566,105</u>
Capital assets being depreciated:				
Collection system	23,125,555	1,183,027	338,987	23,969,595
General	1,194,850	-	-	1,194,850
Total capital assets being depreciated	<u>24,320,405</u>	<u>1,183,027</u>	<u>338,987</u>	<u>25,164,445</u>
Total capital assets	<u>25,077,178</u>	<u>4,992,359</u>	<u>338,987</u>	<u>29,730,550</u>
Less accumulated depreciation for				
Sewer plant	<u>(6,067,587)</u>	<u>(454,975)</u>	<u>338,987</u>	<u>(6,183,575)</u>
Total accumulated depreciation	<u>(6,067,587)</u>	<u>(454,975)</u>	<u>338,987</u>	<u>(6,183,575)</u>
Net capital assets being depreciated	<u>18,252,818</u>	<u>728,052</u>	<u>-</u>	<u>18,980,870</u>
Net sewer capital assets	<u>\$ 19,009,591</u>	<u>\$ 4,537,384</u>	<u>\$ -</u>	<u>\$ 23,546,975</u>

City of Verona

Notes to Financial Statements
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Stormwater				
Capital assets not being depreciated:				
Intangible assets	\$ 112,000	\$ -	\$ -	\$ 112,000
Land and land rights	3,054,559	-	-	3,054,559
Construction in progress	<u>1,008,261</u>	<u>2,462,511</u>	<u>819,929</u>	<u>2,650,843</u>
Total capital assets not being depreciated	<u>4,174,820</u>	<u>2,462,511</u>	<u>819,929</u>	<u>5,817,402</u>
Capital assets being depreciated:				
General plant	<u>31,176,906</u>	<u>2,352,035</u>	<u>300,201</u>	<u>33,228,740</u>
Total capital assets being depreciated	<u>31,176,906</u>	<u>2,352,035</u>	<u>300,201</u>	<u>33,228,740</u>
Total capital assets	<u>35,351,726</u>	<u>4,814,546</u>	<u>1,120,130</u>	<u>39,046,142</u>
Less accumulated depreciation for:				
Stormwater plant	<u>(6,088,414)</u>	<u>(472,669)</u>	<u>257,702</u>	<u>(6,303,381)</u>
Total accumulated depreciation	<u>(6,088,414)</u>	<u>(472,669)</u>	<u>257,702</u>	<u>(6,303,381)</u>
Net capital assets being depreciated	<u>25,088,492</u>	<u>1,879,366</u>	<u>42,499</u>	<u>26,925,359</u>
Net stormwater capital assets	<u>\$ 29,263,312</u>	<u>\$ 4,341,877</u>	<u>\$ 862,428</u>	<u>\$ 32,742,761</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 84,562,813</u>	<u>\$ 10,062,007</u>	<u>\$ 887,140</u>	<u>\$ 93,737,680</u>

Depreciation/amortization expense was charged to functions as follows:

Business-Type Activities

Water	\$ 1,001,499
Sewer	454,975
Stormwater	<u>472,668</u>
Total business-type activities depreciation expense	<u>\$ 1,929,142</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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water utility	General fund	\$ 30,628
Sewer utility	General fund	31,353
Stormwater utility	General fund	<u>4,854</u>
Total internal balances, government-wide statement of net position		<u>\$ 66,835</u>

All amounts are due within one year.

City of Verona

Notes to Financial Statements
December 31, 2021

Advances

The general fund is advancing funds to TIF District 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, 2021 is \$63,483.

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. 9	\$ 46,491	\$ 46,491
General fund	TIF District No. 10	<u>16,992</u>	<u>16,992</u>
Total, fund financial statements		63,483	
Less fund eliminations		<u>(63,483)</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	\$ 368,294	Debt service
Debt service	Impact fees	1,285,000	Debt service
Debt service	Capital improvement program	30,000	Debt service
Capital improvement program	General fund	425,000	Capital projects
Library	Impact fees	107,000	Impact fees collection applied to library debt
General	Water utility	<u>745,452</u>	Payment in lieu of taxes
Total, fund financial statements		2,960,746	
Less fund eliminations		<u>(2,215,294)</u>	
Total transfers, government-wide statement of activities		<u>\$ 745,452</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, 2021

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 42,435,000	\$ 1,960,000	\$ 9,175,000	\$ 35,220,000	\$ 4,745,000
General obligation debt from direct borrowings and direct placements	24,655	-	7,996	16,659	8,216
Premiums	252,023	130,793	207,758	175,058	-
Subtotal	<u>42,711,678</u>	<u>2,090,793</u>	<u>9,390,754</u>	<u>35,411,717</u>	<u>4,753,216</u>
Other liabilities:					
Vested compensated absences	1,275,407	780,092	713,373	1,342,126	717,739
Total other liabilities	<u>1,275,407</u>	<u>780,092</u>	<u>713,373</u>	<u>1,342,126</u>	<u>717,739</u>
Total governmental activities long-term liabilities	<u>\$ 43,987,085</u>	<u>\$ 2,870,885</u>	<u>\$ 10,104,127</u>	<u>\$ 36,753,843</u>	<u>\$ 5,470,955</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 8,650,000	\$ 1,880,000	\$ 1,175,000	\$ 9,355,000	\$ 925,000
Revenue bonds	675,000	-	100,000	575,000	100,000
Premiums	271,787	100,043	49,182	322,648	-
Subtotal	<u>9,596,787</u>	<u>1,980,043</u>	<u>1,324,182</u>	<u>10,252,648</u>	<u>1,025,000</u>
Other liabilities:					
Vested compensated absences	166,602	99,374	52,932	213,044	-
Total other liabilities	<u>166,602</u>	<u>99,374</u>	<u>52,932</u>	<u>213,044</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 9,763,389</u>	<u>\$ 2,079,417</u>	<u>\$ 1,377,114</u>	<u>\$ 10,465,692</u>	<u>\$ 1,025,000</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2021, was \$159,998,405. Total general obligation debt outstanding at year end was \$44,591,659.

City of Verona

Notes to Financial Statements
December 31, 2021

General Obligation Debt

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

Governmental Activities					Balance December 31, 2021
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	\$ 7,220,000	\$ 2,200,000
State Trust Fund loan - Direct	03/26/2013	03/15/2023	2.75	75,000	16,659
General obligation promissory notes	06/26/2013	04/01/2023	1.00-2.10	2,460,000	530,000
General obligation corporate purpose bonds	07/16/2014	06/01/2034	2.00-4.00	8,690,000	5,945,000
General obligation promissory notes	07/22/2015	06/01/2025	2.00-2.50	4,865,000	1,670,000
General obligation corporate purpose bonds	07/22/2015	06/01/2035	2.00-3.50	4,765,000	3,640,000
General obligation promissory notes	07/26/2016	06/01/2026	1.45-2.00	8,305,000	3,730,000
General obligation promissory notes	07/20/2017	06/01/2027	2.00-2.25	1,360,000	720,000
General obligation corporate purpose bonds	07/20/2017	06/01/2037	3.00-3.15	5,265,000	4,375,000
General obligation corporate purpose bonds	07/19/2018	06/01/2038	3.00-3.50	4,230,000	3,795,000
General obligation promissory notes	07/19/2018	06/01/2028	2.50-3.00	4,600,000	3,560,000
General obligation promissory bonds	07/17/2019	09/01/2034	2.50-4.00	2,480,000	2,150,000
General obligation corporate purpose bonds	08/20/2020	09/01/2030	1.05-3.00	1,055,000	945,000
General obligation promissory notes	05/05/2021	04/01/2031	1.00-3.00	1,960,000	1,960,000
Total governmental activities, general obligation debt					<u>\$ 35,236,659</u>

City of Verona

Notes to Financial Statements
December 31, 2021

<u>Business-Type Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
General Obligation Debt					
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	\$ 1,860,000	\$ 755,000
General obligation corporate purpose bonds	07/26/2016	06/01/2026	1.45-2.00	1,450,000	760,000
General obligation corporate purpose bonds	07/20/2017	06/01/2027	2.00-2.25	1,675,000	1,045,000
General obligation corporate purpose bonds	07/19/2018	06/01/2038	3.00-3.50	620,000	555,000
General obligation promissory notes	07/19/2018	06/01/2028	2.50-3.00	100,000	70,000
General obligation corporate purpose bonds	08/20/2020	09/01/2039	1.05-3.00	4,555,000	4,290,000
General obligation promissory notes	05/05/2021	04/01/2030	1.00-3.00	255,000	255,000
General obligation promissory notes	05/05/2021	04/01/2031	1.00-3.00	1,625,000	<u>1,625,000</u>
Total business-type activities, general obligation debt					<u><u>\$ 9,355,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 4,745,000	\$ 925,358	\$ 925,000	\$ 190,474
2023	4,440,000	811,633	825,000	167,749
2024	3,955,000	704,918	830,000	147,183
2025	3,845,000	605,134	850,000	126,729
2026	3,070,000	513,610	865,000	105,511
2027-2031	9,110,000	1,613,626	2,740,000	313,202
2032-2036	5,165,000	520,291	1,430,000	155,320
2037-2039	890,000	24,780	890,000	31,558
Total	<u><u>\$ 35,220,000</u></u>	<u><u>\$ 5,719,350</u></u>	<u><u>\$ 9,355,000</u></u>	<u><u>\$ 1,237,726</u></u>

<u>Years</u>	<u>Governmental Activities General Obligation Debt from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 8,216	\$ 458
2023	8,443	232
Total	<u><u>\$ 16,659</u></u>	<u><u>\$ 690</u></u>

The City's outstanding State Trust Fund Loan from direct borrowings related to governmental activities of \$16,659 contain clauses that any delinquent payments are subject to a penalty of 1% per month and shall be deducted from any state payments that are due to the City.

Revenue Debt

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

City of Verona

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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 2.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$642,110. Principal and interest paid for the current year and total customer gross revenues were \$127,725 and \$5,643,665, respectively.

Revenue debt payable at December 31, 2021, 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, 2021</u>
<u>Water and Sewer Utility</u>					
Revenue bonds	07/01/2006	06/01/2026	4.10-4.50%	\$ 1,615,000	\$ 575,000
					<u>\$ 575,000</u>
Total business-type activities, revenue debt					<u>\$ 575,000</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>
2022	\$ 100,000	\$ 23,350
2023	110,000	18,730
2024	115,000	13,780
2025	125,000	8,437
2026	125,000	2,813
Total	<u>\$ 575,000</u>	<u>\$ 67,110</u>

City of Verona

Notes to Financial Statements
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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.

Current Refunding

On May 05, 2021, the City issued \$3,840,000 in general obligation bonds (of which \$2,215,000 was for refunding) with an average coupon rate of 2.06 percent to refund \$3,255,000 of outstanding bonds with an average coupon rate of 3.67 percent. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$3,593,596 from 2021 through 2030. The cash flow requirements on the 2021 refunding bonds are \$2,412,293 from 2021 through 2030. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,136,713.

The income statement gain was \$1,181,304.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 16,395,462
Construction in progress	281,434
Right of way	15,684,149
Other capital assets, net of accumulated depreciation/amortization	92,276,343
Less long-term capital related debt outstanding	(34,629,879)
Plus unspent capital related debt proceeds	1,054,709
Less unamortized debt premium	<u>(175,058)</u>
Total net investment in capital assets	<u>\$ 90,887,160</u>

City of Verona

Notes to Financial Statements
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Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvement Program</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances					
Nonspendable:					
Prepaid items	\$ 169,730	\$ -	\$ -	\$ 51,135	\$ 220,865
Long-term receivables	<u>63,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,483</u>
Subtotal	<u>233,213</u>	<u>-</u>	<u>-</u>	<u>51,135</u>	<u>284,348</u>
Restricted for:					
Debt service	-	69,287	-	-	69,287
Capital projects	-	-	1,054,709	-	1,054,709
Library purposes	-	-	-	494,888	494,888
TIF activities	-	-	-	1,018,002	1,018,002
Library facilities	-	-	-	402,900	402,900
Police facilities	-	-	-	321,292	321,292
Fire facilities	-	-	-	1,141,595	1,141,595
Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,677</u>	<u>285,677</u>
Subtotal	<u>-</u>	<u>69,287</u>	<u>1,054,709</u>	<u>3,664,354</u>	<u>4,788,350</u>
Committed to:					
Senior citizen activities and services	-	-	-	410,780	410,780
Refuse and recycling	-	-	-	126,712	126,712
Urban forestry programs	-	-	-	15,661	15,661
Cable operations	-	-	-	698,763	698,763
Tourism	-	-	-	219,255	219,255
Crime prevention	-	-	-	29,493	29,493
Fire and EMS	-	-	-	674,498	674,498
Council activities	-	-	-	100	100
EPIC grant activities	-	-	-	138,101	138,101
Equipment replacement	-	-	-	2,265,864	2,265,864
Economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>545,262</u>	<u>545,262</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,124,489</u>	<u>5,124,489</u>
Assigned to:					
Subsequent year's budget	1,105,034	-	-	-	1,105,034
Capital projects	<u>-</u>	<u>-</u>	<u>2,645,278</u>	<u>-</u>	<u>2,645,278</u>
Subtotal	<u>1,105,034</u>	<u>-</u>	<u>2,645,278</u>	<u>-</u>	<u>3,750,312</u>
Unassigned (deficit):					
	<u>4,093,554</u>	<u>-</u>	<u>-</u>	<u>(116,856)</u>	<u>3,976,698</u>
Total fund balances	<u>\$ 5,431,801</u>	<u>\$ 69,287</u>	<u>\$ 3,699,987</u>	<u>\$ 8,723,122</u>	<u>\$ 17,924,197</u>

City of Verona

Notes to Financial Statements
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Business-Type Activities

Net investment in capital assets:	
Land	\$ 3,252,973
Construction in progress	7,216,948
Intangible assets	112,000
Other capital assets, net of accumulated depreciation	83,155,759
Less Long-term debt outstanding	(9,930,000)
Plus unspent capital related debt proceeds	127,395
Plus unamortized loss on refunding	706
Less unamortized premium	<u>(322,648)</u>
Total net investment in capital assets	<u>\$ 83,613,133</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 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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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>
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)
2019	1.7	21.0

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 \$554,159 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

City of Verona

Notes to Financial Statements
December 31, 2021

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

At December 31, 2021, the City reported an asset of \$3,072,716 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 0.04921750%, which was an increase of 0.00112910% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized negative pension expense of \$379,453.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,447,164	\$ 957,911
Changes in assumptions	69,695	-
Net differences between projected and actual earnings on pension plan investments	-	5,768,775
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,226	11,394
Employer contributions subsequent to the measurement date	<u>595,580</u>	<u>-</u>
Total	<u>\$ 5,119,665</u>	<u>\$ 6,738,080</u>

\$595,580 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2022	\$ (572,862)
2023	(154,835)
2024	(1,043,605)
2025	(442,693)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51 %	7.2 %	4.7 %
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability 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% and a municipal bond rate of 2.00%. (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, 2020. 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% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment 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, 2021

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%, 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%) or 1-percentage-point higher (8.00%) 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	\$ 2,924,800	\$ (3,072,716)	\$ (7,477,848)

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, 2021, 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%.

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

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

The 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, 2021 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, 2021. 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 \$8,050,698 for the eastside interceptor project. As of December 31, 2021, approximately \$4,566,105 has been expended.

Developer Agreement

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 2021 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.

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 \$637,280 for operating and capital costs to the district for 2021. 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

On March 3, 2022 the City issued general obligation refunding bonds in the amount of \$4,740,000 with an interest rate of 2.0-4.0%. This amount will be used for refunding previously issued 2014A general obligation corporate purpose bonds.

On May 09, 2022 the City authorized the redemption of water system and sewerage system revenue bonds, dated July 1, 2006 in the amounts of \$95,000 and \$380,000, respectively, through the use of existing funds.

Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City is disclosing all abatement agreements individually.

City of Verona

Notes to Financial Statements
December 31, 2021

The City through its Tax Incremental Financing Districts, has entered into tax abatement agreements with a developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

<u>Project</u>	<u>TID No.</u>	<u>Type</u>	<u>12/31/2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>12/31/2021</u>
Keller Burke (KB) Verona Main, LLC	4	Developer financed	\$ 275,656	\$ -	\$ (85,326)	\$ 190,331
ANOREV (Livesay)	8	Developer financed	-	2,370,229	-	2,370,229
ASC Holdings, LLC	10	Developer financed	800,000	-	-	800,000
Verona Schoolyard Development, LLC	9	Developer financed	-	3,964,184	-	3,964,184
Verona Affordable Housing, LLC	9	Developer financed	-	4,084,603	-	4,084,603
Verona Schoolyard Apartments, LLC	9	Developer financed	-	530,000	-	530,000
		Totals	<u>\$ 1,075,656</u>	<u>\$ 10,949,016</u>	<u>\$ (85,326)</u>	<u>\$ 11,939,347</u>

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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes			
Property	\$ 5,499,078	\$ 5,506,501	\$ 7,423
Use tax penalty	-	9,056	9,056
Other taxes	<u>75,000</u>	<u>100,084</u>	<u>25,084</u>
Total taxes	<u>5,574,078</u>	<u>5,615,641</u>	<u>41,563</u>
Intergovernmental Revenues			
State aid, shared taxes	132,638	132,973	335
State aid, road aid	1,239,670	1,239,670	-
State aid, exempt computer aid	167,691	167,691	-
State aid personal property tax aid	111,929	111,929	-
Other state payments	-	236	236
Payments for municipal services	26,000	8,411	(17,589)
ARPA grant	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Total intergovernmental revenues	<u>1,677,928</u>	<u>1,910,910</u>	<u>232,982</u>
Public Charges for Services			
Photocopies	-	916	916
Parks	45,000	71,789	26,789
Shelter and rental fees	7,200	10,666	3,466
Recreation programs	146,825	157,227	10,402
Swimming areas	35,000	32,075	(2,925)
Fairs, exhibits and celebrations	30,100	29,803	(297)
Stadium	1,000	3,503	2,503
Other public charges for services	<u>54,500</u>	<u>29,087</u>	<u>(25,413)</u>
Total public charges for services	<u>319,625</u>	<u>335,066</u>	<u>15,441</u>
Fines, Forfeitures and Penalties			
Court penalties and costs	110,000	167,220	57,220
Parking violations	<u>20,000</u>	<u>5,310</u>	<u>(14,690)</u>
Total fines, forfeitures and penalties	<u>130,000</u>	<u>172,530</u>	<u>42,530</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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Licenses and Permits			
Liquor and malt beverage licenses	\$ 33,600	\$ 20,430	\$ (13,170)
Operators' license	7,000	5,508	(1,492)
Cigarette licenses	900	900	-
Amusement device licenses	4,800	2,100	(2,700)
Bicycle licenses	-	18	18
Dog licenses	5,000	7,822	2,822
Building permits	166,043	146,246	(19,797)
Electrical permits	47,641	74,858	27,217
Plumbing permits	51,928	68,766	16,838
Heating and air conditioning permits	56,268	78,257	21,989
Erosion control permits	16,142	22,173	6,031
Plan review fees	48,780	81,148	32,368
Other regulatory permits and fees	2,300	6,505	4,205
Total licenses and permits	<u>440,402</u>	<u>514,731</u>	<u>74,329</u>
Investment Income (Loss)			
Interest on investments	<u>350,000</u>	<u>(7,832)</u>	<u>(357,832)</u>
Total investment income (loss)	<u>350,000</u>	<u>(7,832)</u>	<u>(357,832)</u>
Miscellaneous Revenues			
Miscellaneous revenues	<u>-</u>	<u>1,158</u>	<u>1,158</u>
Total revenues	<u>8,492,033</u>	<u>8,542,204</u>	<u>50,171</u>
Expenditures			
General Government			
Mayor and City council	147,143	105,691	41,452
Municipal court	73,498	71,297	2,201
Administration	816,850	713,549	103,301
General buildings/plant/hall	89,920	139,567	(49,647)
Other insurance	155,000	147,690	7,310
Legal	35,000	58,182	(23,182)
Other general government	80,000	-	80,000
Total general government	<u>1,397,411</u>	<u>1,235,976</u>	<u>161,435</u>
Public Safety			
Police	4,073,924	3,667,850	406,074
Emergency government	12,925	2,655	10,270
Hydrant rental	615,811	615,811	-
Total public safety	<u>4,702,660</u>	<u>4,286,316</u>	<u>416,344</u>
Public Works			
Highway	<u>1,585,550</u>	<u>1,475,278</u>	<u>110,272</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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Culture, Recreation and Education			
Parks	\$ 715,224	\$ 681,759	\$ 33,465
Recreation programs and events	96,678	110,486	(13,808)
Recreation administration	163,177	153,738	9,439
Recreation facilities	15,500	19,280	(3,780)
Swimming areas	34,500	24,166	10,334
	<u>1,025,079</u>	<u>989,429</u>	<u>35,650</u>
Total culture, recreation and education			
Conservation and Development			
Building Inspection	256,781	279,147	(22,366)
Planning	214,202	114,858	99,344
Tourism/City beautification	10,000	9,678	322
	<u>480,983</u>	<u>403,683</u>	<u>77,300</u>
Total conservation and development			
Capital Outlay			
Capital outlay	60,350	43,208	17,142
	<u>60,350</u>	<u>43,208</u>	<u>17,142</u>
Total expenditures	<u>9,252,033</u>	<u>8,433,890</u>	<u>818,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(760,000)</u>	<u>108,314</u>	<u>868,314</u>
Other Financing Sources (Uses)			
Transfers in, utility PILOT	760,000	745,452	(14,548)
Transfers out	(425,000)	(425,000)	-
Proceeds from sale of capital assets	-	2,134	2,134
	<u>335,000</u>	<u>322,586</u>	<u>(12,414)</u>
Total other financing sources (uses)			
Net change in fund balance	(425,000)	430,900	855,900
Fund Balance, Beginning	<u>5,000,901</u>	<u>5,000,901</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,575,901</u>	<u>\$ 5,431,801</u>	<u>\$ 855,900</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, 2021

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/21	0.04921750%	\$ (3,072,716)	\$ 6,234,971	49.28%	105.26%
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, 2021

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/21	\$ 595,580	\$ 595,580	\$ -	\$ 6,667,539	8.93%
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, 2021

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, 2021

	Special Revenue Funds		
	Library	Senior Citizens Center	Refuse and Recycling
Assets			
Treasurer's working cash	\$ 577,465	\$ 428,197	\$ 228,841
Receivables:			
Taxes	1,351,204	482,473	733,806
Accounts	-	-	4,777
Promissory notes	-	-	-
Due from other governments	-	-	2,456
Restricted cash	-	-	-
Inventories and prepayments	504	504	504
	<u>504</u>	<u>504</u>	<u>504</u>
Total assets	<u>\$ 1,929,173</u>	<u>\$ 911,174</u>	<u>\$ 970,384</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 54,055	\$ 12,353	\$ 105,611
Accrued liabilities	28,522	5,064	1,623
Deposits	-	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>82,577</u>	<u>17,417</u>	<u>107,234</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	2,128
Unearned revenues	1,351,204	482,473	733,806
	<u>1,351,204</u>	<u>482,473</u>	<u>733,806</u>
Total deferred inflows of resources	<u>1,351,204</u>	<u>482,473</u>	<u>735,934</u>
Fund Balances (Deficit)			
Nonspendable	504	504	504
Restricted	494,888	-	-
Committed	-	410,780	126,712
Unassigned (Deficit)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>495,392</u>	<u>411,284</u>	<u>127,216</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,929,173</u>	<u>\$ 911,174</u>	<u>\$ 970,384</u>

Special Revenue Funds

<u>Forestry</u>	<u>Cable Franchise</u>	<u>Impact Fees</u>	<u>Special Accounts</u>	<u>Economic Development Commission</u>	<u>Fire Department</u>	<u>Cemetery</u>
\$ 15,661	\$ 670,448	\$ -	\$ 835,765	\$ 512,033	\$ 692,687	\$ 285,697
29,500	-	-	730,914	-	1,285,178	-
-	29,664	-	72,136	-	-	-
-	-	-	-	33,229	-	-
-	-	-	-	-	-	-
-	-	1,865,787	-	-	-	-
-	504	-	-	-	2,208	-
<u>\$ 45,161</u>	<u>\$ 700,616</u>	<u>\$ 1,865,787</u>	<u>\$ 1,638,815</u>	<u>\$ 545,262</u>	<u>\$ 1,980,073</u>	<u>\$ 285,697</u>
\$ -	\$ -	\$ -	\$ 67,519	\$ -	\$ 4,863	\$ 20
-	1,349	-	-	-	24,220	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	442,539	-	-	-
-	1,349	-	510,058	-	29,083	20
-	-	-	-	-	-	-
29,500	-	-	730,914	-	1,285,178	-
29,500	-	-	730,914	-	1,285,178	-
-	504	-	-	-	2,208	-
-	-	1,865,787	-	-	-	285,677
15,661	698,763	-	397,843	545,262	663,604	-
-	-	-	-	-	-	-
15,661	699,267	1,865,787	397,843	545,262	665,812	285,677
<u>\$ 45,161</u>	<u>\$ 700,616</u>	<u>\$ 1,865,787</u>	<u>\$ 1,638,815</u>	<u>\$ 545,262</u>	<u>\$ 1,980,073</u>	<u>\$ 285,697</u>

City of Verona

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2021

	Capital Projects Funds		
	Revolving Funds	TIF District No. 4	TIF District No. 6
Assets			
Treasurer's working cash	\$ 2,265,864	\$ 320,758	\$ 695,448
Receivables:			
Taxes	605,000	859,190	1,964,116
Accounts	-	-	-
Promissory notes	-	1,796	-
Due from other governments	-	-	-
Restricted cash	-	-	-
Inventories and prepayments	46,911	-	-
	<u>46,911</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,917,775</u>	<u>\$ 1,181,744</u>	<u>\$ 2,659,564</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Unearned revenues	605,000	859,190	1,964,116
	<u>605,000</u>	<u>859,190</u>	<u>1,964,116</u>
Total deferred inflows of resources	<u>605,000</u>	<u>859,190</u>	<u>1,964,116</u>
Fund Balances (Deficit)			
Nonspendable	46,911	-	-
Restricted	-	322,554	695,448
Committed	2,265,864	-	-
Unassigned (Deficit)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>2,312,775</u>	<u>322,554</u>	<u>695,448</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,917,775</u>	<u>\$ 1,181,744</u>	<u>\$ 2,659,564</u>

Capital Projects Funds

<u>TIF District No. 8</u>	<u>TIF District No. 9</u>	<u>TIF District No. 10</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,736,258	\$ -	\$ -	\$ 9,265,122
21,767	20,310	135,679	8,219,137
-	-	-	106,577
-	-	-	35,025
-	-	-	2,456
-	-	-	1,865,787
-	-	-	51,135
<u>\$ 1,758,025</u>	<u>\$ 20,310</u>	<u>\$ 135,679</u>	<u>\$ 19,545,239</u>
\$ 66,350	\$ -	\$ -	\$ 310,771
-	-	-	60,778
1,723,281	-	-	1,723,281
-	46,491	16,992	63,483
-	-	-	442,539
<u>1,789,631</u>	<u>46,491</u>	<u>16,992</u>	<u>2,600,852</u>
-	-	-	2,128
<u>21,767</u>	<u>20,310</u>	<u>135,679</u>	<u>8,219,137</u>
<u>21,767</u>	<u>20,310</u>	<u>135,679</u>	<u>8,221,265</u>
-	-	-	51,135
-	-	-	3,664,354
-	-	-	5,124,489
<u>(53,373)</u>	<u>(46,491)</u>	<u>(16,992)</u>	<u>(116,856)</u>
<u>(53,373)</u>	<u>(46,491)</u>	<u>(16,992)</u>	<u>8,723,122</u>
<u>\$ 1,758,025</u>	<u>\$ 20,310</u>	<u>\$ 135,679</u>	<u>\$ 19,545,239</u>

City of Verona

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue Funds		
	Library	Senior Citizens Center	Refuse and Recycling
Revenues			
Taxes	\$ 1,320,087	\$ 467,589	\$ 10,000
Intergovernmental	1,075,645	-	21,983
Public charges for services	3,113	40,659	735,445
Fines, forfeitures and penalties	6,208	-	-
Licenses and permits	-	-	-
Investment income	-	-	-
Miscellaneous revenues	68,039	25	491
Total revenues	<u>2,473,092</u>	<u>508,273</u>	<u>767,919</u>
Expenditures			
Current:			
Public safety	-	-	-
Public works	-	-	801,968
Health and human services	-	419,372	-
Culture, recreation and education	2,058,463	-	-
Conservation and development	-	-	-
Capital outlay	19,089	6,960	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,077,552</u>	<u>426,332</u>	<u>801,968</u>
Excess (deficiency) of revenues over expenditures	<u>395,540</u>	<u>81,941</u>	<u>(34,049)</u>
Other Financing Sources (Uses)			
Refunding debt issued	-	-	-
Premium on debt issued	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	107,000	-	-
Transfers out	(368,294)	-	-
Total other financing sources (uses)	<u>(261,294)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	134,246	81,941	(34,049)
Fund Balances (Deficit), Beginning	<u>361,146</u>	<u>329,343</u>	<u>161,265</u>
Fund Balances (Deficit), Ending	<u>\$ 495,392</u>	<u>\$ 411,284</u>	<u>\$ 127,216</u>

Special Revenue Funds

<u>Forestry</u>	<u>Cable Franchise</u>	<u>Impact Fees</u>	<u>Special Accounts</u>	<u>Economic Development Commission</u>	<u>Fire Department</u>	<u>Cemetery</u>
\$ 17,000	\$ -	\$ -	\$ 870,809	\$ -	\$ 1,254,163	\$ -
-	29,601	-	948,849	-	342,895	-
23,738	-	507,705	-	-	-	26,620
-	-	-	-	-	-	-
-	118,422	-	-	-	22,515	-
-	-	2,059	-	670	-	149
-	-	-	64,639	-	7,125	-
<u>40,738</u>	<u>148,023</u>	<u>509,764</u>	<u>1,884,297</u>	<u>670</u>	<u>1,626,698</u>	<u>26,769</u>
-	-	-	699,366	-	1,563,994	-
40,384	-	-	948,849	-	-	-
-	-	-	-	-	-	6,619
-	134,384	-	-	-	-	-
-	-	-	188,381	-	-	-
-	-	-	-	-	336,131	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>40,384</u>	<u>134,384</u>	<u>-</u>	<u>1,836,596</u>	<u>-</u>	<u>1,900,125</u>	<u>6,619</u>
<u>354</u>	<u>13,639</u>	<u>509,764</u>	<u>47,701</u>	<u>670</u>	<u>(273,427)</u>	<u>20,150</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,570	-
-	-	-	-	-	-	-
-	-	(1,392,000)	-	-	-	-
-	-	(1,392,000)	-	-	5,570	-
354	13,639	(882,236)	47,701	670	(267,857)	20,150
<u>15,307</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>\$ 15,661</u>	<u>\$ 699,267</u>	<u>\$ 1,865,787</u>	<u>\$ 397,843</u>	<u>\$ 545,262</u>	<u>\$ 665,812</u>	<u>\$ 285,677</u>

City of Verona

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2021

	Capital Projects Funds		
	Revolving Funds	TIF District No. 4	TIF District No. 6
Revenues			
Taxes	\$ 560,000	\$ 726,702	\$ 1,679,385
Intergovernmental	33,389	68,223	3,554
Public charges for services	-	-	-
Fines, forfeitures and penalties	-	-	-
Licenses and permits	-	-	-
Investment income	2,671	831	1,004
Miscellaneous revenues	26,700	-	35,490
Total revenues	<u>622,760</u>	<u>795,756</u>	<u>1,719,433</u>
Expenditures			
Current:			
Public safety	-	-	-
Public works	-	-	-
Health and human services	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	126,420	-
Capital outlay	409,793	6,506	8,768
Debt service:			
Principal	-	735,000	1,535,000
Interest and fiscal charges	-	36,360	36,709
Total expenditures	<u>409,793</u>	<u>904,286</u>	<u>1,580,477</u>
Excess (deficiency) of revenues over expenditures	<u>212,967</u>	<u>(108,530)</u>	<u>138,956</u>
Other Financing Sources (Uses)			
Refunding debt issued	-	260,000	-
Premium on debt issued	-	13,774	-
Proceeds from sale of capital assets	10,725	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>10,725</u>	<u>273,774</u>	<u>-</u>
Net change in fund balances	223,692	165,244	138,956
Fund Balances (Deficit), Beginning	<u>2,089,083</u>	<u>157,310</u>	<u>556,492</u>
Fund Balances (Deficit), Ending	<u>\$ 2,312,775</u>	<u>\$ 322,554</u>	<u>\$ 695,448</u>

Capital Projects Funds			Total Nonmajor Governmental Funds
TIF District No. 8	TIF District No. 9	TIF District No. 10	
\$ -	\$ 12,654	\$ -	\$ 6,918,389
-	-	-	2,524,139
-	-	-	1,337,280
-	-	-	6,208
-	-	-	140,937
740	-	-	8,124
<u>311,719</u>	<u>-</u>	<u>-</u>	<u>514,228</u>
<u>312,459</u>	<u>12,654</u>	<u>-</u>	<u>11,449,305</u>
-	-	-	2,263,360
-	-	992	1,792,193
-	-	-	425,991
-	-	-	2,192,847
19,381	30,023	-	364,205
<u>311,719</u>	<u>-</u>	<u>-</u>	<u>1,098,966</u>
-	-	-	2,270,000
-	-	-	<u>73,069</u>
<u>331,100</u>	<u>30,023</u>	<u>992</u>	<u>10,480,631</u>
<u>(18,641)</u>	<u>(17,369)</u>	<u>(992)</u>	<u>968,674</u>
-	-	-	260,000
-	-	-	13,774
-	-	-	16,295
-	-	-	107,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,760,294)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,363,225)</u>
(18,641)	(17,369)	(992)	(394,551)
<u>(34,732)</u>	<u>(29,122)</u>	<u>(16,000)</u>	<u>9,117,673</u>
<u>\$ (53,373)</u>	<u>\$ (46,491)</u>	<u>\$ (16,992)</u>	<u>\$ 8,723,122</u>