

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 9, 2024

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The Notes shall be designated as "qualified tax-exempt obligations".

New Issue

Rating Application Made: Moody's Investors Service, Inc.

CITY OF VERONA, WISCONSIN (Dane County)

\$4,745,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A

BID OPENING: April 18, 2024, 10:00 A.M., C.T.

CONSIDERATION: Not later than 11:59 P.M., C.T. on April 18, 2024 (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The \$4,745,000* General Obligation Promissory Notes, Series 2024A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Verona, Wisconsin (the "City"), for public purposes, including paying the cost of street, sewer and storm sewer improvements, a pedestrian trail, park improvements, a fire truck refurbishment project and renovations to the old school building in Tax Incremental District No. 9 that will be leased to Art House 360. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: May 9, 2024

MATURITY: April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$160,000	2029	\$485,000	2033	\$525,000
2026	605,000	2030	495,000	2034	525,000
2027	465,000	2031	500,000		
2028	470,000	2032	515,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each, up to a maximum of \$100,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: April 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on April 1, 2032 and thereafter are subject to call for prior optional redemption on April 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$4,697,550.

MAXIMUM BID: \$5,124,600.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$94,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: City officials or a bank or trust company to be designated by the City.

BOND COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT..... 1</p> <p>THE NOTES..... 1</p> <p style="padding-left: 20px;">GENERAL..... 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION..... 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE..... 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES..... 2</p> <p style="padding-left: 20px;">SECURITY..... 2</p> <p style="padding-left: 20px;">RATING..... 3</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE..... 3</p> <p style="padding-left: 20px;">LEGAL OPINION..... 4</p> <p style="padding-left: 20px;">STATEMENT REGARDING COUNSEL PARTICIPATION..... 4</p> <p style="padding-left: 20px;">TAX EXEMPTION..... 4</p> <p style="padding-left: 20px;">ORIGINAL ISSUE DISCOUNT..... 5</p> <p style="padding-left: 20px;">BOND PREMIUM..... 5</p> <p style="padding-left: 20px;">QUALIFIED TAX-EXEMPT OBLIGATIONS..... 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR..... 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES..... 6</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS..... 6</p> <p style="padding-left: 20px;">RISK FACTORS..... 7</p> <p>VALUATIONS..... 9</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES..... 9</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS..... 10</p> <p style="padding-left: 20px;">2023 EQUALIZED VALUE BY CLASSIFICATION..... 10</p> <p style="padding-left: 20px;">TREND OF VALUATIONS..... 10</p> <p style="padding-left: 20px;">LARGER TAXPAYERS..... 11</p> <p>DEBT..... 12</p> <p style="padding-left: 20px;">DIRECT DEBT..... 12</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY..... 12</p> <p style="padding-left: 20px;">FUTURE FINANCING..... 12</p> <p style="padding-left: 20px;">DEBT LIMIT..... 12</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT..... 13</p> <p style="padding-left: 20px;">OVERLAPPING DEBT..... 16</p> <p style="padding-left: 20px;">DEBT RATIOS..... 16</p> <p>TAX LEVIES AND COLLECTIONS..... 17</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS..... 17</p> <p style="padding-left: 20px;">PROPERTY TAX RATES..... 18</p> <p style="padding-left: 20px;">LEVY LIMITS..... 18</p> <p style="padding-left: 20px;">REVENUE FROM THE STATE..... 19</p>	<p>THE ISSUER..... 20</p> <p style="padding-left: 20px;">CITY GOVERNMENT..... 20</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS..... 20</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS..... 21</p> <p style="padding-left: 20px;">LITIGATION..... 21</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY..... 22</p> <p style="padding-left: 20px;">FUNDS ON HAND..... 23</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS..... 24</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION..... 25</p> <p>GENERAL INFORMATION..... 26</p> <p style="padding-left: 20px;">LOCATION..... 26</p> <p style="padding-left: 20px;">LARGER EMPLOYERS..... 26</p> <p style="padding-left: 20px;">BUILDING PERMITS..... 27</p> <p style="padding-left: 20px;">U.S. CENSUS DATA..... 28</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA..... 28</p> <p>FINANCIAL STATEMENTS..... A-1</p> <p>FORM OF LEGAL OPINION..... B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM..... C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE .. D-1</p> <p>NOTICE OF SALE..... E-1</p> <p>BID FORM</p>
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CITY OF VERONA COMMON COUNCIL

		<u>Term Expires</u>
Luke Diaz	Mayor	April 2026
Brandon Braithwaite	Aldersperson	April 2026
Spencer Harrison	Aldersperson	April 2026
Mara Helmke	Aldersperson	April 2025
Phil Hoechst	Aldersperson	April 2025
Rye Kimmett	Aldersperson	April 2026
Patrick Lytle	Aldersperson	April 2026
Christine Posey	Aldersperson	April 2025
Beth Tucker Long	Aldersperson	April 2025

ADMINISTRATION

Jamie Aulik, City Administrator
Brian Lamers, Finance Director/Treasurer
Holly Licht, City Clerk

PROFESSIONAL SERVICES

Stafford Rosenbaum LLP, City Attorney, Madison, Wisconsin
Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin
Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other office located in Roseville, Minnesota)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Verona, Wisconsin (the "City") and the issuance of its \$4,745,000* General Obligation Promissory Notes, Series 2024A (the "Notes"). **The Common Council adopted a resolution on March 25, 2024 (the "Parameters Resolution"), which authorized the City Administrator or the Finance Director/Treasurer to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are met. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on April 18, 2024, then neither the City Administrator nor the Finance Director/Treasurer will have the authority to award the sale of the Notes, and all bids will be rejected.**

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 9, 2024. The Notes will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Parameters Resolution.

The City will select City officials or a bank or trust company to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after April 1, 2032 shall be subject to optional redemption prior to maturity on April 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the cost of street, sewer and storm sewer improvements, a pedestrian trail, park improvements, a fire truck refurbishment project and renovations to the old school building in Tax Incremental District No. 9 that will be leased to Art House 360.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$4,745,000	
Estimated Interest Earnings	<u>41,888</u>	
Total Sources		\$4,786,888
Uses		
Estimated Underwriter's Discount	\$47,450	
Cost of Issuance	67,850	
Deposit to Borrowed Money Fund	4,671,500	
Rounding Amount	<u>88</u>	
Total Uses		\$4,786,888

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "Aa1" by Moody's Investors Service, Inc. ("Moody's"). The City has requested an underlying rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's Investors Service, Inc.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery of the Notes, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

The City did not timely file notice of a financial obligation that was incurred in March of 2021. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for the Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Notes is more than the principal amount payable at maturity, such Notes ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the

compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2022 have been audited by Baker Tilly US, LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Notes will be general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Notes. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Parameters Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

2023 Equalized Value	\$3,988,131,200
2023 Equalized Value Reduced by Tax Increment Valuation	\$3,853,228,800
2023 Assessed Value	\$3,579,622,800

2023 EQUALIZED VALUE BY CLASSIFICATION

	2023 Equalized Value¹	Percent of Total Equalized Value
Residential	\$1,863,171,100	46.718%
Commercial	2,013,049,500	50.476%
Manufacturing	78,514,000	1.969%
Agricultural	199,800	0.005%
Ag Forest	2,000	0.000%
Other	1,316,100	0.033%
Personal Property	<u>31,878,700</u>	<u>0.799%</u>
Total	<u><u>\$3,988,131,200</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2019	\$2,490,151,800	\$3,072,163,900	5.65%
2020	3,040,842,000	3,273,069,100	6.54%
2021	3,091,243,500	3,199,968,100	-2.23%
2022	3,434,244,000	3,629,798,500	13.43%
2023	3,579,622,800	3,988,131,200	9.87%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2023 Equalized Value ¹	Percent of City's Total Equalized Value
Epic System Corporation	Commercial	\$1,421,598,468	35.65%
Arrowhead Madison	Manufacturing	22,264,319	0.56%
SAFC	Manufacturing	21,619,909	0.54%
SCC-Mixed Use LLC	Apartments	20,015,479	0.50%
Costco Wholesale	Commercial	19,038,918	0.48%
Liberty Business Park Hospitality	Commercial	16,714,975	0.42%
Noel Manor LLC	Apartments	16,591,033	0.42%
Prairie Crest Apartments LLC	Apartments	16,537,612	0.41%
Siena Ridge LLC	Apartments	15,364,576	0.39%
Lincoln Street Verona LLC	Apartments	14,754,253	0.37%
Total		\$1,584,499,542	39.73%
City's Total 2023 Equalized Value ²		\$3,988,131,200	

Source: The City.

¹ Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u><u>\$39,430,000</u></u>
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DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City's Capital Improvements Plan identifies a total of \$2,215,000 in projects to be financed in 2025. Within the next 12 months, the City may issue General Obligation Bonds or Notes to finance the costs of these projects. Aside from this future financing, the City has no current plans for additional financing in the next 12 months.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$3,988,131,200
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit ²	\$199,406,560
Less: General Obligation Debt*	<u>(39,430,000)</u>
Unused Debt Limit*	<u><u>\$159,976,560</u></u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Notes.

² The City has a policy that limits debt to 3.5% of its legal limit.

City of Verona, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 05/09/2024)

	Corporate Purpose Bonds Series 2012A		Promissory Notes Series 2015A		Corporate Purpose Bonds Series 2015B		Promissory Notes Series 2016A		Street Improvement Bonds Series 2017A	
Dated	07/24/2012		07/22/2015		07/22/2015		07/26/2016		07/20/2017	
Amount	\$9,080,000		\$4,865,000		\$4,765,000		\$9,755,000		\$5,265,000	
Maturity	03/01		06/01		06/01		06/01		06/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	11,025	370,000	14,375	330,000	84,525	820,000	33,168	230,000	115,275
2025	540,000	15,975	390,000	4,875	335,000	76,213	835,000	20,751	235,000	108,300
2026	85,000	8,731			335,000	67,000	840,000	7,140	245,000	101,100
2027	90,000	6,325			340,000	56,875			250,000	93,675
2028	90,000	3,850			365,000	46,300			260,000	86,025
2029	95,000	1,306			370,000	35,275			265,000	78,150
2030					395,000	23,800			275,000	70,050
2031					100,000	16,250			285,000	61,650
2032					100,000	13,000			290,000	53,025
2033					100,000	9,625			300,000	44,175
2034					100,000	6,125			310,000	35,025
2035					125,000	2,188			320,000	25,575
2036									330,000	15,743
2037									340,000	5,355
2038										
2039										
	900,000	47,213	760,000	19,250	2,995,000	437,175	2,495,000	61,059	3,935,000	893,123

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City of Verona, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/09/2024)

	Promissory Notes Series 2017B		Corporate Purpose Bonds Series 2018A		Promissory Notes Series 2018B		Corporate Purpose Bonds Series 2019A		Corporate Purpose Bonds Series 2020A	
Dated	07/20/2017		07/19/2018		07/19/2018		07/17/2019		08/20/2020	
Amount	\$3,035,000		\$4,850,000		\$4,700,000		\$2,480,000		\$5,610,000	
Maturity	06/01		06/01		06/01		09/01		09/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	345,000	18,988	210,000	123,355	505,000	72,675	145,000	26,850	300,000	43,756
2025	240,000	13,138	215,000	116,980	520,000	57,300	150,000	47,900	305,000	78,513
2026	250,000	8,238	220,000	110,455	535,000	41,475	160,000	41,900	315,000	69,363
2027	255,000	2,869	230,000	103,705	550,000	25,200	160,000	35,500	320,000	59,913
2028			235,000	96,730	565,000	8,475	170,000	31,500	330,000	53,513
2029			240,000	89,605			170,000	27,250	335,000	46,913
2030			250,000	82,255			170,000	23,000	350,000	40,213
2031			250,000	74,568			185,000	18,750	240,000	33,213
2032			270,000	66,378			185,000	14,125	245,000	30,693
2033			280,000	57,505			190,000	9,500	245,000	27,875
2034			290,000	48,100			190,000	4,750	250,000	24,813
2035			300,000	38,215					255,000	21,438
2036			310,000	27,845					255,000	17,740
2037			315,000	17,063					260,000	13,788
2038			330,000	5,775					265,000	9,498
2039									270,000	4,860
	1,090,000	43,231	3,945,000	1,058,533	2,675,000	205,125	1,875,000	281,025	4,540,000	576,096

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City of Verona, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/09/2024)

	Promissory Notes Series 2021A		Refunding Bonds Series 2022A		Promissory Notes Series 2023A		Promissory Notes Series 2024A							
Dated	05/05/2021		03/03/2022		08/02/2023		05/09/2024							
Amount	\$3,840,000		\$4,740,000		\$3,215,000		\$4,745,000*							
Maturity	04/01		06/01		04/01		04/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	23,754	385,000	137,700	0	64,250	0	0	3,640,000	769,695	4,409,695	35,790,000	9.23%	2024
2025	470,000	40,458	395,000	122,100	275,000	123,000	160,000	225,973	5,065,000	1,051,474	6,116,474	30,725,000	22.08%	2025
2026	475,000	26,283	415,000	105,900	270,000	110,750	605,000	147,993	4,750,000	846,326	5,596,326	25,975,000	34.12%	2026
2027	275,000	16,408	435,000	88,900	280,000	97,000	465,000	129,775	3,650,000	716,143	4,366,143	22,325,000	43.38%	2027
2028	285,000	10,808	450,000	71,200	300,000	82,500	470,000	114,114	3,520,000	605,014	4,125,014	18,805,000	52.31%	2028
2029	290,000	6,508	465,000	52,900	310,000	67,250	485,000	98,141	3,025,000	503,297	3,528,297	15,780,000	59.98%	2029
2030	290,000	3,535	350,000	36,600	330,000	51,250	495,000	81,701	2,905,000	412,404	3,317,404	12,875,000	67.35%	2030
2031	175,000	1,006	360,000	26,000	345,000	36,100	500,000	64,710	2,440,000	332,246	2,772,246	10,435,000	73.54%	2031
2032			365,000	18,750	355,000	22,100	515,000	47,023	2,325,000	265,093	2,590,093	8,110,000	79.43%	2032
2033			375,000	11,350	375,000	7,500	525,000	28,639	2,390,000	196,169	2,586,169	5,720,000	85.49%	2033
2034			380,000	3,800			525,000	9,634	2,045,000	132,246	2,177,246	3,675,000	90.68%	2034
2035									1,000,000	87,415	1,087,415	2,675,000	93.22%	2035
2036									895,000	61,328	956,328	1,780,000	95.49%	2036
2037									915,000	36,205	951,205	865,000	97.81%	2037
2038									595,000	15,273	610,273	270,000	99.32%	2038
2039									270,000	4,860	274,860	0	100.00%	2039
	2,260,000	128,758	4,375,000	675,200	2,840,000	661,700	4,745,000	947,700	39,430,000	6,035,186	45,465,186			

* Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Dane County	\$99,140,491,900	4.0227%	\$676,020,000	\$27,194,257
Verona Area School District	7,041,766,898	56.6354%	125,800,000	71,247,333
Madison Metro Sewer District	72,956,533,472	5.3843%	116,284,864	6,261,181
Madison Area Technical College District	135,661,750,195	2.9398%	170,490,000	5,012,065
City's Share of Total Overlapping Debt				<u>\$109,714,836</u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$3,988,131,200	Debt/ Per Capita 15,553⁴
Total General Obligation Debt*	\$39,430,000	0.99%	\$2,535.20
City's Share of Total Overlapping Debt	<u>109,714,836</u>	<u>2.75%</u>	<u>\$7,054.26</u>
Total*	\$149,144,836	3.74%	\$9,589.46

*Preliminary, subject to change.

¹ Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

⁴ Estimated 2023 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2019/20	\$13,949,140	100%	\$4.70
2020/21	14,235,822	100%	4.51
2021/22	14,432,043	100%	4.72
2022/23	15,090,162	100%	4.24
2023/24	15,683,101	In Process	4.07

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Total
2019/20	\$13.65	\$2.90	\$4.70	\$21.25
2020/21	13.74	2.87	4.51	21.12
2021/22	13.45	2.89	4.72	21.06
2022/23	12.12	2.72	4.24	19.08
2023/24	11.77	2.76	4.07	18.59

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the City is expected to receive approximately \$486,000 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$361,000 received in 2023. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

CITY GOVERNMENT

The City was incorporated as a Village in 1921 and became a City in April 1978. The City is governed by a Mayor and an eight-member Common Council. The Mayor and all Council Members are elected to two-year terms. The appointed City Administrator, Finance Director/Treasurer and City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 78 full-time, 93 part-time, and 16 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the fiscal year ended December 31, 2021 ("Fiscal Year 2021") and the fiscal year ended December 31, 2022 ("Fiscal Year 2022"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$556,607, \$595,580 and \$589,556, respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2021, the total pension liability of the WRS was calculated as \$133.79 billion and the fiduciary net position of the WRS was calculated as \$141.85 billion, resulting in a net pension asset of \$8.06 billion. As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion. Accordingly, the City will report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the year ended December 31, 2023.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2022, the City reported an asset of \$4,038,372 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2021 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.05010273% of the aggregate WRS net pension asset as of December 31, 2021.

The calculation of the total pension asset and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension asset of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 5 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represents employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Police	December 31, 2025
Fire	December 31, 2025

OTHER POST EMPLOYMENT BENEFITS

The City does not provide any other post employment benefits.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

FUNDS ON HAND (as of February 29, 2024)

Fund	Total Cash and Investments
General	\$11,115,930
Library	1,436,457
Water Utility	5,988,104
Storm Water Utility	1,284,351
Debt Service Fund	3,957,917
Refuse & Recycling	939,943
Senior Citizens	1,115,089
TIF No. 4	715,478
TIF No. 8	38,306
TIF No. 9	939,752
TIF No. 10	22,262
Capital Improvements	6,038,842
Forestry	90,543
Miscellaneous Special Revenue Accounts	6,551,912
Cemetery Fund	325,530
Fire Department	2,540,849
Sewer Utility	<u>3,153,347</u>
Total Funds on Hand	<u><u>\$46,254,612</u></u>

ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	2020 Audited	2021 Audited	2022 Audited	2023 Projected¹
Water				
Total Operating Revenues	\$2,761,214	\$2,793,319	\$2,696,590	\$ 2,915,143
Less: Operating Expenses	<u>(1,872,130)</u>	<u>(1,992,718)</u>	<u>(2,336,058)</u>	<u>(1,814,172)</u>
Operating Income	\$889,084	\$800,601	\$360,532	\$ 1,100,971
Plus: Depreciation	943,663	1,001,499	1,045,399	1,096,336
Interest Income	<u>15,176</u>	<u>3,973</u>	<u>126,988</u>	<u>269,431</u>
Revenues Available for Debt Service	<u><u>\$1,847,923</u></u>	<u><u>\$1,806,073</u></u>	<u><u>\$1,532,919</u></u>	<u><u>\$ 2,466,738</u></u>
Sewer				
Total Operating Revenues	\$2,275,832	\$2,564,541	\$2,419,363	\$ 2,955,310
Less: Operating Expenses	<u>(2,299,983)</u>	<u>(2,438,238)</u>	<u>(2,637,088)</u>	<u>(2,355,636)</u>
Operating Income	(\$24,151)	\$126,303	(\$217,725)	\$ 599,674
Plus: Depreciation	442,575	454,975	487,681	521,286
Interest Income	<u>16,049</u>	<u>4,376</u>	<u>33,726</u>	<u>148,124</u>
Revenues Available for Debt Service	<u><u>\$434,473</u></u>	<u><u>\$585,654</u></u>	<u><u>\$303,682</u></u>	<u><u>\$ 1,269,084</u></u>
Stormwater				
Total Operating Revenues	\$735,546	\$751,393	\$760,590	\$ 975,802
Less: Operating Expenses	<u>(849,054)</u>	<u>(890,709)</u>	<u>(896,024)</u>	<u>(428,472)</u>
Operating Income	(\$113,508)	(\$139,316)	(\$135,434)	\$ 547,330
Plus: Depreciation	444,907	472,668	511,433	561,687
Interest Income	<u>5,763</u>	<u>1,485</u>	<u>6,849</u>	<u>41,384</u>
Revenues Available for Debt Service	<u><u>\$337,162</u></u>	<u><u>\$334,837</u></u>	<u><u>\$382,848</u></u>	<u><u>\$ 1,150,401</u></u>

¹ Depreciation for 2023 enterprise funds only estimates using 2022 numbers.

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2022 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2020 Audited	2021 Audited	2022 Audited	2023 Unaudited¹	2024 Adopted Budget²
Revenues					
Taxes	\$5,607,607	\$5,615,641	\$5,865,416	\$6,015,371	\$6,271,878
Intergovernmental	1,530,317	1,910,910	1,875,337	1,888,798	2,284,601
Public charges for services	187,468	335,066	367,201	388,076	381,225
Fines, forfeitures and penalties	118,427	172,530	149,305	159,635	162,000
Licenses and permits	411,392	514,731	850,295	938,265	482,983
Investment income	467,457	(7,832)	(429,023)	1,086,432	240,000
Miscellaneous revenues	2,121	1,158	4,755	202,764	168,000
Total Revenues	<u>\$8,324,789</u>	<u>\$8,542,204</u>	<u>\$8,683,286</u>	<u>\$10,679,341</u>	<u>\$9,990,687</u>
Expenditures					
Current:					
General government	\$1,331,695	\$1,235,976	\$1,356,661	\$1,416,107	\$1,634,667
Public safety	4,194,670	4,286,316	4,542,948	3,754,300	4,830,211
Public works	1,386,276	1,475,278	1,546,273	1,458,897	1,787,215
Culture, recreation and education	902,626	989,429	1,080,590	1,135,385	1,237,671
Conservation and development	437,219	403,683	353,587	409,781	625,112
Capital outlay	28,362	43,208	39,323	0	0
Total Expenditures	<u>\$8,280,848</u>	<u>\$8,433,890</u>	<u>\$8,919,382</u>	<u>\$8,174,470</u>	<u>\$10,114,876</u>
Excess of revenues over (under) expenditures	\$43,941	\$108,314	(\$236,096)	\$2,504,871	(\$124,189)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	\$555	\$2,134	\$2,164	\$0	\$0
Transfers in	706,888	745,452	725,822	739,421	740,000
Transfers (out)	(540,800)	(425,000)	(657,000)	(1,265,807)	(615,811)
Total Other Financing Sources (Uses)	<u>166,643</u>	<u>322,586</u>	<u>70,986</u>	<u>(526,386)</u>	<u>124,189</u>
Net changes in Fund Balances	\$210,584	\$430,900	(\$165,110)	\$1,978,485	\$0
General Fund Balance January 1	<u>\$4,790,317</u>	<u>\$5,000,901</u>	<u>\$5,431,801</u>		
General Fund Balance December 31	\$5,000,901	\$5,431,801	\$5,266,691		
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$209,399	\$233,213	\$206,502		
Assigned	857,455	1,105,034	959,514		
Unassigned	3,934,047	4,093,554	4,100,675		
Total	<u>\$5,000,901</u>	<u>\$5,431,801</u>	<u>\$5,266,691</u>		

¹ The 2023 Unaudited data is as of February 27, 2024.

² The 2024 budget was adopted on November 13, 2023.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 14,030 and a current estimated population of 15,553 comprises an area of 6.9 square miles and is located approximately five miles southwest of the City of Madison, Wisconsin in Dane County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Epic Systems Corp	Healthcare Software Developer	13,000
S & L Hospitality	Nonclassified establishments	1,001
Verona Area School District	Elementary and Secondary Education	990
Cleary Building Corp.	Prefabricated metal building manufacturer and corporate headquarters	377
Olson Toon Landscaping Inc.	Landscaping	275
Cleen Trax Maintenance Inc.	Full service commercial janitorial	261 ²
Latitude Corp	Computer & equipment dealers	175
The City	Municipal government and services	172 ³
Carnes Co.	Air distribution and ventilation equipment manufacturing	150
Four Winds Manor	Nursing & convalescent homes	143

Source: Data Axle Reference Solutions, written and telephone survey, IB Book of Lists Madison, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

² 141 full-time and 120 part-time.

³ 78 full-time, 78 part-time and 16 seasonal.

BUILDING PERMITS

	2020	2021	2022	2023	2024 ¹
<u>New Single Family Homes</u>					
No. of building permits	44	62	65	86	19
Valuation	\$15,950,390	\$22,965,082	\$26,818,799	\$35,318,272	\$9,207,025
<u>New Multiple Family Buildings</u>					
No. of building permits	1	5	4	9	3
Valuation	\$11,581,104	\$7,569,088	\$32,700,000	\$56,033,616	\$6,272,650
<u>New Commercial/Industrial</u>					
No. of building permits	41	15	12	11	3
Valuation	\$120,906,442	\$95,213,961	\$239,225,983	\$365,555,514	\$6,949,468
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	864	1,062	838	823	117
Valuation	\$145,886,957	\$142,182,780	\$413,084,105	\$515,068,201	\$26,699,630

Source: The City.

¹ As of February 27, 2024.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	10,619
2020 U.S. Census Population	14,030
Percent of Change 2010 - 2020	32.12%
2023 Estimated Population	15,553

Income and Age Statistics

	The City	Dane County	State of Wisconsin	United States
2022 per capita income	\$50,729	\$49,280	\$40,130	\$41,261
2022 median household income	\$109,960	\$84,297	\$72,458	\$75,149
2022 median family income	\$140,362	\$117,289	\$92,974	\$92,646
2022 median gross rent	\$1,407	\$1,268	\$992	\$1,268
2022 median value owner occupied units	\$353,000	\$342,900	\$231,400	\$281,900
2022 median age	38.6 yrs.	35.5 yrs.	39.9 yrs.	38.5 yrs.
		State of Wisconsin	United States	
City % of 2022 per capita income		126.41%	122.95%	
City % of 2022 median family income		150.97%	151.50%	

Housing Statistics

	<u>The City</u>		
	2020	2022	Percent of Change
All Housing Units	5,646	6,038	6.94%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Dane County	Dane County	Dane County	State of Wisconsin
2020	307,583	4.9%	6.4%	
2021	319,051	2.9%	3.8%	
2022	322,472	2.2%	2.9%	
2023, December	334,745	2.1%	2.9%	
2024, January ¹	328,519	1.9%	2.8%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

City of Verona

Financial Statements and
Supplementary Information

December 31, 2022

City of Verona

Table of Contents
December 31, 2022

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	6
Fund Financial Statements	
Balance Sheet - Governmental Funds	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Position - Proprietary Funds	13
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	15
Statement of Cash Flows - Proprietary Funds	16
Statement of Fiduciary Net Position - Fiduciary Fund	18
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	19
Index to Notes to Financial Statements	20
Notes to Financial Statements	21
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	57
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	60
Schedule of Employer Contributions - Wisconsin Retirement System	60
Notes to Required Supplementary Information	61
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	66

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, 2022 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, 2022 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.

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

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, 2023

City of Verona

Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 20,334,666	\$ 8,380,017	\$ 28,714,683
Receivables (net):			
Taxes receivable	17,290,915	-	17,290,915
Accounts	860,172	1,280,583	2,140,755
Promissory notes	94,857	-	94,857
Other	154,343	603,087	757,430
Lease receivable	-	2,493,518	2,493,518
Due from other governmental units	10,661	7,578	18,239
Internal balances	(65,319)	65,319	-
Inventories	-	28,890	28,890
Prepaid items	172,103	4,478	176,581
Other assets	-	135,878	135,878
Restricted assets:			
Cash and investments	1,632,683	201,295	1,833,978
Net pension asset	3,690,481	347,891	4,038,372
Investment in joint venture	1,016,454	-	1,016,454
Capital assets:			
Capital assets not being depreciated/amortized	32,851,554	6,251,480	39,103,034
Other capital assets net of accumulated depreciation/amortization	<u>97,022,432</u>	<u>94,365,392</u>	<u>191,387,824</u>
Total assets	<u>175,066,002</u>	<u>114,165,406</u>	<u>289,231,408</u>
Deferred Outflows of Resources			
Unamortized loss on refunding	-	588	588
Pension related amounts	<u>7,239,254</u>	<u>634,468</u>	<u>7,873,722</u>
Total deferred outflows of resources	<u>7,239,254</u>	<u>635,056</u>	<u>7,874,310</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	1,200,337	546,774	1,747,111
Other accrued liabilities	242,413	20,273	262,686
Due to other governmental units	54,576	-	54,576
Accrued interest	186,101	43,471	229,572
Deposits	979,468	-	979,468
Unearned revenues	399,950	-	399,950
Noncurrent liabilities:			
Due within one year	5,142,533	825,000	5,967,533
Due in more than one year	<u>26,203,368</u>	<u>8,084,836</u>	<u>34,288,204</u>
Total liabilities	<u>34,408,746</u>	<u>9,520,354</u>	<u>43,929,100</u>

See notes to financial statements

City of Verona

Statement of Net Position
December 31, 2022

	Governmental Activities	Business- Type Activities	Total
Deferred Inflows of Resources			
Unearned revenues	\$ 17,211,427	\$ -	\$ 17,211,427
Lease related amounts	-	2,493,518	2,493,518
Pension related amounts	8,768,389	740,210	9,508,599
Total deferred inflows of resources	<u>25,979,816</u>	<u>3,233,728</u>	<u>29,213,544</u>
Net Position			
Net investment in capital assets	101,265,472	91,917,577	192,743,544
Restricted for:			
Debt service	-	21,095	21,095
TIF activities	599,528	-	599,528
Library	606,997	-	606,997
Impact fees	1,632,683	-	1,632,683
Cemetery	301,001	-	301,001
Pension	3,690,481	347,891	4,038,372
Equipment replacement	-	180,200	180,200
Unrestricted	<u>13,820,532</u>	<u>9,579,617</u>	<u>23,839,654</u>
Total net position	<u>\$ 121,916,694</u>	<u>\$102,046,380</u>	<u>\$223,963,074</u>

See notes to financial statements

City of Verona

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 1,503,296	\$ 403,306	\$ -	\$ -	\$ (1,099,990)	\$ -	\$ (1,099,990)
Public safety	6,768,709	876,934	233,525	53,505	(5,604,745)	-	(5,604,745)
Health and human services	591,419	73,153	50,355	-	(467,911)	-	(467,911)
Public works	6,196,409	1,295,271	1,508,632	9,593,720	6,201,214	-	6,201,214
Culture, education and recreation	3,992,014	488,870	1,136,836	462,731	(1,903,577)	-	(1,903,577)
Conservation and development	1,858,025	55,485	900	216,814	(1,584,826)	-	(1,584,826)
Interest and fiscal charges	808,111	-	-	-	(808,111)	-	(808,111)
Total governmental activities	<u>21,717,983</u>	<u>3,193,019</u>	<u>2,930,248</u>	<u>10,326,770</u>	<u>(5,267,946)</u>	<u>-</u>	<u>(5,267,946)</u>
Business-type activities:							
Water utility	2,371,701	2,696,590	-	3,947,247	-	4,272,136	4,272,136
Sewer utility	2,725,987	2,419,363	-	1,286,897	-	980,273	980,273
Stormwater utility	915,976	760,590	-	4,108,917	-	3,953,531	3,953,531
Total business-type activities	<u>6,013,664</u>	<u>5,876,543</u>	<u>-</u>	<u>9,343,061</u>	<u>-</u>	<u>9,205,940</u>	<u>9,205,940</u>
Total primary government	<u>\$ 27,731,647</u>	<u>\$ 9,069,562</u>	<u>\$ 2,930,248</u>	<u>\$ 19,669,831</u>	<u>(5,267,946)</u>	<u>9,205,940</u>	<u>3,937,994</u>
General Revenues							
Taxes:							
Property taxes, levied for general purposes					10,291,582	-	10,291,582
Property taxes, levied for debt service					4,140,461	-	4,140,461
Property taxes, levied for TIF districts					3,001,062	-	3,001,062
Other taxes					546,934	-	546,934
Intergovernmental revenues not restricted to specific programs					520,879	-	520,879
Miscellaneous					57,674	341,949	399,623
Public gifts and grants					110,548	-	110,548
Investment income (loss)					(344,852)	167,563	(177,289)
Transfers					725,822	(725,822)	-
Total general revenues and transfers					<u>19,050,110</u>	<u>(216,310)</u>	<u>18,833,800</u>
Change in net position					13,782,164	8,989,630	22,771,794
Net Position, Beginning					<u>108,134,530</u>	<u>93,056,750</u>	<u>201,191,280</u>
Net Position, Ending					<u>\$ 121,916,694</u>	<u>\$ 102,046,380</u>	<u>\$ 223,963,074</u>

See notes to financial statements

City of Verona

Balance Sheet
Governmental Funds
December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement Program</u>
Assets			
Treasurer's working cash	\$ 6,262,076	\$ 47,931	\$ 3,475,614
Receivables:			
Taxes	6,116,329	3,860,408	353,246
Accounts	228,126	-	506,631
Promissory notes	-	-	-
Other	101,987	-	-
Due from other governments	7,035	-	-
Advances to other funds	38,718	-	-
Prepaid items	167,784	-	-
Restricted cash	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 12,922,055</u>	<u>\$ 3,908,339</u>	<u>\$ 4,335,491</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 480,019	\$ -	\$ 195,657
Accrued liabilities	104,598	-	-
Deposits	907,396	-	-
Due to other governments	54,576	-	-
Due to other funds	65,319	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,611,908</u>	<u>-</u>	<u>195,657</u>
Deferred Inflows of Resources			
Unavailable revenues	6,615	-	-
Unearned revenues	6,036,841	3,860,408	353,246
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>6,043,456</u>	<u>3,860,408</u>	<u>353,246</u>
Fund Balances			
Nonspendable	206,502	-	-
Restricted	-	47,931	928,883
Committed	-	-	-
Assigned	959,514	-	2,857,705
Unassigned (deficit)	4,100,675	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,266,691</u>	<u>47,931</u>	<u>3,786,588</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,922,055</u>	<u>\$ 3,908,339</u>	<u>\$ 4,335,491</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 10,179,677	\$ 19,965,298
6,960,932	17,290,915
126,536	861,293
94,857	94,857
-	101,987
3,626	10,661
-	38,718
4,319	172,103
<u>1,632,683</u>	<u>1,632,683</u>
<u>\$ 19,002,630</u>	<u>\$ 40,168,515</u>

\$ 597,822	\$ 1,273,498
64,654	169,252
72,072	979,468
-	54,576
-	65,319
38,718	38,718
<u>399,950</u>	<u>399,950</u>
<u>1,173,216</u>	<u>2,980,781</u>

3,627	10,242
<u>6,960,932</u>	<u>17,211,427</u>
<u>6,964,559</u>	<u>17,221,669</u>

4,319	210,821
3,139,686	4,116,500
7,800,254	7,800,254
-	3,817,219
<u>(79,404)</u>	<u>4,021,271</u>
<u>10,864,855</u>	<u>19,966,065</u>
<u>\$ 19,002,630</u>	<u>\$ 40,168,515</u>

City of Verona

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total Fund Balances, Governmental Funds	\$ 19,966,065
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.	129,873,986
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.	10,242
The net pension asset/(liability) does not relate to current financial resources and is not reported in the governmental funds.	3,690,481
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	7,239,254
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(8,768,389)
The City's investment in the joint venture is not a financial resource and , therefore, is not reported in the funds.	1,016,454
Internal service funds are reported in the statement of net position as governmental activities.	420,603
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>(31,532,002)</u>
Net Position of Governmental Activities	<u><u>\$ 121,916,694</u></u>

City of Verona

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement Program</u>
Revenues			
Taxes	\$ 5,865,416	\$ 4,140,461	\$ 110,184
Intergovernmental	1,875,337	-	191,025
Public charges for services	367,201	-	271,706
Fines, forfeitures and penalties	149,305	-	-
Licenses and permits	850,295	-	-
Investment income (loss)	(429,023)	-	-
Miscellaneous revenues	4,755	-	90,046
	<u>8,683,286</u>	<u>4,140,461</u>	<u>662,961</u>
Total revenues			
Expenditures			
Current:			
General government	1,356,661	-	4,671
Public safety	4,542,948	-	-
Public works	1,546,273	-	-
Health and human services	-	-	-
Culture, recreation and education	1,080,590	-	-
Conservation and development	353,587	-	-
Capital outlay	39,323	-	1,163,059
Debt service:			
Principal	-	9,500,000	33,216
Interest and fiscal charges	-	1,027,991	2,414
	<u>8,919,382</u>	<u>10,527,991</u>	<u>1,203,360</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(236,096)</u>	<u>(6,387,530)</u>	<u>(540,399)</u>
Other Financing Sources (Uses)			
Refunding debt issued	-	4,740,000	-
Premium on debt issued	-	414,630	-
Proceeds from sale of capital assets	2,164	-	-
Transfers in	725,822	1,211,544	657,000
Transfers out	(657,000)	-	(30,000)
	<u>70,986</u>	<u>6,366,174</u>	<u>627,000</u>
Total other financing sources (uses)			
Net change in fund balances	(165,110)	(21,356)	86,601
Fund Balances, Beginning	<u>5,431,801</u>	<u>69,287</u>	<u>3,699,987</u>
Fund Balances, Ending	<u>\$ 5,266,691</u>	<u>\$ 47,931</u>	<u>\$ 3,786,588</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 7,865,709	\$ 17,981,770
2,203,697	4,270,059
1,575,350	2,214,257
7,901	157,206
148,522	998,817
84,171	(344,852)
<u>2,216,965</u>	<u>2,311,766</u>
<u>14,102,315</u>	<u>27,589,023</u>
1,857	1,363,189
2,350,799	6,893,747
1,353,058	2,899,331
488,146	488,146
2,312,639	3,393,229
563,781	917,368
2,992,680	4,195,062
745,000	10,278,216
<u>24,225</u>	<u>1,054,630</u>
<u>10,832,185</u>	<u>31,482,918</u>
<u>3,270,130</u>	<u>(3,893,895)</u>
-	4,740,000
-	414,630
53,147	55,311
2,219,265	4,813,631
<u>(3,400,809)</u>	<u>(4,087,809)</u>
<u>(1,128,397)</u>	<u>5,935,763</u>
2,141,733	2,041,868
<u>8,723,122</u>	<u>17,924,197</u>
<u>\$ 10,864,855</u>	<u>\$ 19,966,065</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, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 2,041,868

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	4,195,062
Some items reported as capital outlay were not capitalized	(2,115,404)
Depreciation is reported in the government-wide financial statements	(3,978,423)

Contributed capital assets are reported as revenues in the government-wide financial statements.	7,135,363
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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.	(5,372)
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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	(4,740,000)
Principal repaid	10,278,216

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	(205,901)

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	75,627
Accrued interest on debt	37,690
Net pension asset/liability	861,647
Deferred outflows of resources related to pensions	2,521,235
Deferred inflows of resources related to pensions	(2,531,849)

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.	215,832
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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>(3,427)</u>
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Change in Net Position of Governmental Activities \$ 13,782,164

City of Verona

Statement of Net Position
 Proprietary Funds
 December 31, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Assets					
Current assets:					
Cash and investments	\$ 5,494,927	\$ 2,394,720	\$ 490,370	\$ 8,380,017	\$ 369,368
Receivables:					
Customer accounts	465,412	605,043	210,128	1,280,583	51,235
Due from other governments	2,948	4,051	579	7,578	-
Due from other funds	29,442	31,308	4,569	65,319	-
Inventories	28,890	-	-	28,890	-
Prepaid items	1,493	1,493	1,492	4,478	-
Other	24,834	72,974	505,279	603,087	-
Leases receivable	56,036	-	-	56,036	-
Total current assets	6,103,982	3,109,589	1,212,417	10,425,988	420,603
Noncurrent assets:					
Restricted assets:					
Reserve account	-	21,095	-	21,095	-
Replacement account	-	180,200	-	180,200	-
Net pension asset	156,055	106,435	85,401	347,891	-
Capital assets:					
Intangible	-	-	112,000	112,000	-
Land and land rights	198,414	-	3,054,559	3,252,973	-
Construction in progress	218,624	-	2,667,883	2,886,507	-
Property and equipment	52,699,306	30,803,932	36,826,165	120,329,403	-
Less accumulated depreciation	(12,582,334)	(6,644,911)	(6,736,766)	(25,964,011)	-
Other assets:					
Lease receivable	2,437,482	-	-	2,437,482	-
Unamortized investment in interceptor	-	135,878	-	135,878	-
Total noncurrent assets	43,127,547	24,602,629	36,009,242	103,739,418	-
Total assets	49,231,529	27,712,218	37,221,659	114,165,406	420,603
Deferred Outflows of Resources					
Unamortized loss on refunding	588	-	-	588	-
Pension related amounts	311,612	180,565	142,291	634,468	-
Total deferred outflows of resources	312,200	180,565	142,291	635,056	-

See notes to financial statements

City of Verona

Statement of Net Position
 Proprietary Funds
 December 31, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Total	
Liabilities					
Current liabilities:					
Accounts payable	\$ 32,700	\$ 494,510	\$ 19,564	\$ 546,774	\$ -
Accrued wages	9,671	7,002	3,600	20,273	-
Accrued interest	7,591	27,376	8,504	43,471	-
Current portion of general obligation debt	<u>250,000</u>	<u>375,000</u>	<u>200,000</u>	<u>825,000</u>	<u>-</u>
Total current liabilities	<u>299,962</u>	<u>903,888</u>	<u>231,668</u>	<u>1,435,518</u>	<u>-</u>
Noncurrent liabilities:					
Long-term debt:					
General obligation	1,385,000	4,640,000	1,580,000	7,605,000	-
Unamortized premium	18,724	185,831	65,328	269,883	-
Compensated absences	<u>81,361</u>	<u>80,304</u>	<u>48,288</u>	<u>209,953</u>	<u>-</u>
Total noncurrent liabilities	<u>1,485,085</u>	<u>4,906,135</u>	<u>1,693,616</u>	<u>8,084,836</u>	<u>-</u>
Total liabilities	<u>1,785,047</u>	<u>5,810,023</u>	<u>1,925,284</u>	<u>9,520,354</u>	<u>-</u>
Deferred Inflows of Resources					
Pension related amounts	363,648	206,951	169,611	740,210	-
Lease related amounts	<u>2,493,518</u>	<u>-</u>	<u>-</u>	<u>2,493,518</u>	<u>-</u>
Total deferred inflows of resources	<u>2,857,166</u>	<u>206,951</u>	<u>169,611</u>	<u>3,233,728</u>	<u>-</u>
Net Position					
Net investment in capital assets	38,880,874	18,958,190	34,078,513	91,917,577	-
Restricted for:					
Debt service	-	21,095	-	21,095	-
Equipment replacement	-	180,200	-	180,200	-
Pension	156,055	106,435	85,401	347,891	-
Unrestricted	<u>5,864,587</u>	<u>2,609,889</u>	<u>1,105,141</u>	<u>9,579,617</u>	<u>420,603</u>
Total net position	<u>\$ 44,901,516</u>	<u>\$ 21,875,809</u>	<u>\$ 35,269,055</u>	<u>\$102,046,380</u>	<u>\$ 420,603</u>

See notes to financial statements

City of Verona

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2022

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>	
Operating Revenues					
Charges for services	\$ 2,540,181	\$ 2,397,863	\$ 742,700	\$ 5,680,744	\$ 212,010
Other	156,409	21,500	17,890	195,799	-
Total operating revenues	2,696,590	2,419,363	760,590	5,876,543	212,010
Operating Expenses					
Operation and maintenance	1,290,659	2,115,438	384,591	3,790,688	-
Depreciation	1,045,399	487,681	511,433	2,044,513	-
Amortization expense	-	33,969	-	33,969	-
Insurance services	-	-	-	-	215,437
Total operating expenses	2,336,058	2,637,088	896,024	5,869,170	215,437
Operating income (loss)	360,532	(217,725)	(135,434)	7,373	(3,427)
Nonoperating Revenues (Expenses)					
Interest expense	(41,661)	(115,656)	(39,636)	(196,953)	-
Debt issuance costs	(185)	-	-	(185)	-
Investment income	126,988	33,726	6,849	167,563	-
Grant revenue	341,949	-	-	341,949	-
Amortization of debt premium	6,203	26,757	19,684	52,644	-
Total nonoperating revenues (expenses)	433,294	(55,173)	(13,103)	365,018	-
Income (loss) before contributions and transfers	793,826	(272,898)	(148,537)	372,391	(3,427)
Contributions and Transfers					
Capital contributions	3,947,247	1,286,897	4,108,917	9,343,061	-
Transfers out	(725,822)	-	-	(725,822)	-
Total contributions and transfers	3,221,425	1,286,897	4,108,917	8,617,239	-
Change in net position	4,015,251	1,013,999	3,960,380	8,989,630	(3,427)
Net Position, Beginning	<u>40,886,265</u>	<u>20,861,810</u>	<u>31,308,675</u>	<u>93,056,750</u>	<u>424,030</u>
Net Position, Ending	<u>\$ 44,901,516</u>	<u>\$ 21,875,809</u>	<u>\$ 35,269,055</u>	<u>\$ 102,046,380</u>	<u>\$ 420,603</u>

See notes to financial statements

City of Verona

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2022

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>	
Cash Flows From Operating Activities					
Received from customers	\$ 2,106,928	\$ 2,396,653	\$ 741,115	\$ 5,244,696	\$ 212,010
Received from city for services	615,811	-	-	615,811	-
Paid to suppliers for goods and services	(935,632)	(1,857,317)	(264,337)	(3,057,286)	(140,409)
Paid to employees for services	<u>(366,233)</u>	<u>(263,997)</u>	<u>(182,253)</u>	<u>(812,483)</u>	<u>-</u>
Net cash flows from operating activities	<u>1,420,874</u>	<u>275,339</u>	<u>294,525</u>	<u>1,990,738</u>	<u>71,601</u>
Cash Flows From Investing Activities					
Investment income	<u>126,988</u>	<u>33,726</u>	<u>6,849</u>	<u>167,563</u>	<u>-</u>
Net cash flows from investing activities	<u>126,988</u>	<u>33,726</u>	<u>6,849</u>	<u>167,563</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities					
Paid to municipality for tax equivalent	(725,822)	-	-	(725,822)	-
Grant funds received	<u>341,949</u>	<u>-</u>	<u>-</u>	<u>341,949</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>(383,873)</u>	<u>-</u>	<u>-</u>	<u>(383,873)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Debt retired	(350,000)	(885,000)	(265,000)	(1,500,000)	-
Interest paid	(43,134)	(120,289)	(41,315)	(204,738)	-
Acquisitions and construction of capital assets	(660,223)	(98,099)	(150,090)	(908,412)	-
Capital contributions received	<u>427,923</u>	<u>330,091</u>	<u>61,490</u>	<u>819,504</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(625,434)</u>	<u>(773,297)</u>	<u>(394,915)</u>	<u>(1,793,646)</u>	<u>-</u>
Net change in cash and cash equivalents	538,555	(464,232)	(93,541)	(19,218)	71,601
Cash and Cash Equivalents, Beginning	<u>4,956,372</u>	<u>3,060,247</u>	<u>583,911</u>	<u>8,600,530</u>	<u>297,767</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,494,927</u>	<u>\$ 2,596,015</u>	<u>\$ 490,370</u>	<u>\$ 8,581,312</u>	<u>\$ 369,368</u>

See notes to financial statements

City of Verona

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>	
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities					
Operating income (loss)	\$ 360,532	\$ (217,725)	\$ (135,434)	\$ 7,373	\$ (3,427)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	1,045,399	487,681	511,433	2,044,513	-
Depreciation charged to other funds	48,460	-	-	48,460	-
Amortization	-	33,969	-	33,969	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	(7,631)	(13,905)	(15,697)	(37,233)	(51,235)
Other accounts receivable	(14,326)	(7,286)	(4,063)	(25,675)	-
Due from other funds	(354)	(1,519)	285	(1,588)	-
Materials and supplies	2,574	-	-	2,574	-
Prepayments	(30)	(31)	(31)	(92)	126,263
Accounts payable	16,912	22,591	(22,230)	17,273	-
Other current liabilities	3,727	2,788	(7,190)	(675)	-
Pension related deferrals and assets	(34,389)	(31,224)	(32,548)	(98,161)	-
Net cash flows from operating activities	<u>\$ 1,420,874</u>	<u>\$ 275,339</u>	<u>\$ 294,525</u>	<u>\$ 1,990,738</u>	<u>\$ 71,601</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds					
Cash and investments	\$ 5,494,927	\$ 2,394,720	\$ 490,370	\$ 8,380,017	\$ 369,368
Reserve account	-	21,095	-	21,095	-
Replacement account	-	180,200	-	180,200	-
Cash and cash equivalents	<u>\$ 5,494,927</u>	<u>\$ 2,596,015</u>	<u>\$ 490,370</u>	<u>\$ 8,581,312</u>	<u>\$ 369,368</u>
Noncash Capital and Related Financing Activities					
Developer financed additions to utility plant	<u>\$ 3,519,323</u>	<u>\$ 1,093,637</u>	<u>\$ 3,547,427</u>		
Capital contributions receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>		

See notes to financial statements

City of Verona

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2022

	Custodial Fund <u>Tax Collection</u>
Assets	
Cash and investments	\$ 15,084,443
Taxes receivable	<u>37,756,094</u>
Total assets	<u>52,840,537</u>
Liabilities	
Due to other governments	<u>52,840,537</u>
Total liabilities	<u>52,840,537</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, 2022

	Custodial Fund Tax Collection
Additions	
Property taxes collected for other governments	\$ 26,619,138
Total additions	<u>26,619,138</u>
Deductions	
Property taxes distributed to other governments	<u>26,619,138</u>
Total deductions	<u>26,619,138</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

Index to Notes to Financial Statements
December 31, 2022

	<u>Page</u>
1. Summary of Significant Accounting Policies	21
Reporting Entity	21
Government-Wide and Fund Financial Statements	21
Measurement Focus, Basis of Accounting and Financial Statement Presentation	23
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	25
Deposits and Investments	25
Receivables	26
Inventories and Prepaid Items	27
Restricted Assets	27
Capital Assets	27
Other Assets	28
Deferred Outflows of Resources	28
Compensated Absences	28
Long-Term Obligations/Conduit Debt	28
Leases	29
Deferred Inflows of Resources	29
Equity Classifications	29
Pension	30
Basis for Existing Rates	31
2. Reconciliation of Government-Wide and Fund Financial Statements	31
Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	31
3. Stewardship, Compliance and Accountability	32
Budgetary Information	32
Excess Expenditures and Other Financing Uses Over Budget	32
Deficit Balances	32
Limitations on the City's Tax Levy	33
4. Detailed Notes on All Funds	33
Deposits and Investments	33
Receivables	36
Restricted Assets	36
Capital Assets	37
Interfund Receivables/Payables, Advances and Transfers	40
Long-Term Obligations	42
Lease Disclosures	45
Net Position/Fund Balances	45
5. Other Information	47
Employees' Retirement System	47
Risk Management	53
Commitments and Contingencies	54
Joint Ventures	55
Tax Abatement	56
Effect of New Accounting Standards on Current-Period Financial Statements	56

City of Verona

Notes to Financial Statements
December 31, 2022

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

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022.

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 Funds

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 Projects 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

City of Verona

Notes to Financial Statements
December 31, 2022

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	Impact Fees
Senior Citizens Center	Special Accounts
Refuse and Recycling	Economic Development Commission
Forestry	Fire Department
Cable Franchise	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 Funds

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 Funds

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 to 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 Funds

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

City of Verona

Notes to Financial Statements
December 31, 2022

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.

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, 2022, 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 county government 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 - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), 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 and overhead. 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

Lease assets are typically amortized over the lease term.

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.

\$135,878 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, 2022, 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.

City of Verona

Notes to Financial Statements
December 31, 2022

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 \$705,000, made up of 1 issue.

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

Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government.

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	\$ 101,265,472	\$ 91,917,577	\$ (439,505)	\$ 192,743,544
Unrestricted	13,820,532	9,579,617	439,505	23,839,654

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% 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 \$4,100,675 or 38.6% of 2023 budgeted general fund expenditures.

See Note 4 for further information.

Pension

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

City of Verona

Notes to Financial Statements
December 31, 2022

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 September 16, 2022. The City council has approved updated rates effective December 16, 2022, and December 16, 2023.

Stormwater Utility

Current stormwater rates were approved by the City council effective September 16, 2022. The City council has approved updated rates effective December 16, 2022, and December 16, 2023.

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	\$	16,845,825
Right of way		15,684,149
Construction in progress		321,580
Land improvements		3,382,612
Buildings		30,523,900
Machinery and equipment		12,935,183
Infrastructure		79,867,377
Intangibles		92,540
Cemetery land		1,840,886
Less accumulated depreciation		<u>(31,620,066)</u>
Combined adjustment for capital assets	\$	<u>129,873,986</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	\$	(29,698,443)
Compensated absences		(1,266,499)
Accrued interest		(186,101)
Unamortized premium on debt		<u>(380,959)</u>
Combined adjustment for long-term liabilities	\$	<u>(31,532,002)</u>

City of Verona

Notes to Financial Statements
December 31, 2022

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.

Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt service fund	\$ 4,876,005	\$ 10,527,991	\$ 5,651,986
Capital improvement program	899,314	1,233,360	334,046
Impact fees	-	962,000	962,000
Special accounts	730,914	1,696,740	965,826
Economic development commission	-	1,857	1,857
TIF District No. 4	601,953	639,422	37,469
TIF District No. 6	258,960	2,712,538	2,453,578
TIF District No. 8	1,857,900	1,966,629	108,729
TIF District No. 9	3,200	12,537	9,337
TIF District No. 10	2,500	108,415	105,915

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, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF District No. 8	\$ 40,686	Expenditures exceeded revenues.
TIF District No. 9	38,718	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.

City of Verona

Notes to Financial Statements
December 31, 2022

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 net 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.

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	\$ 17,295,449	\$ 17,510,388	Custodial credit
U.S. agencies, implicitly guaranteed	15,690,070	15,690,070	Credit, custodial credit, concentration of credit and interest rate
Other debt securities	2,944,866	2,944,866	Credit, custodial credit, concentration of credit and interest rate
LGIP	7,413,461	7,413,461	Credit
Corporate bonds	2,288,288	2,288,288	Credit, custodial credit, concentration of credit and interest rate
Petty cash	970	-	N/A
Total deposits and investments	<u>\$ 45,633,104</u>	<u>\$ 45,847,073</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 28,714,683		
Restricted cash and investments	1,833,978		
Per statement of fiduciary net position, custodial fund:			
Tax collection	<u>15,084,443</u>		
Total deposits and investments	<u>\$ 45,633,104</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.

City of Verona

Notes to Financial Statements
December 31, 2022

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

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

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$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, 2022, the banks had pledged various government securities in the amount of \$1,660,979 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, 2022			
	Level 1	Level 2	Level 3	Total
U.S. agencies, implicitly guaranteed	\$ 6,542,197	\$ 9,147,873	\$ -	\$ 15,690,070
Other debt securities	-	2,944,866	-	2,944,866
Corporate bonds	2,288,288	-	-	2,288,288
Total	<u>\$ 8,830,485</u>	<u>\$ 12,092,739</u>	<u>\$ -</u>	<u>\$ 20,923,224</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.

City of Verona

Notes to Financial Statements
December 31, 2022

Credit Risk

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

As of December 31, 2022, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U.S. agencies implicitly guaranteed	AA+	Aaa
Other debt securities	AA+	Aaa
Corporate bonds	AAA, AA+, AA, AA-	A1, Aa2, Aa3, Aaa

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

Local Government Investment Pool

Concentration of Credit Risk

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

At December 31, 2022, the City's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Mortgage Corp	U.S. agencies implicitly guaranteed	18.40 %
Federal Home Loan Bank	U.S. agencies implicitly guaranteed	25.80
Federal National Mortgage Association	U.S. agencies implicitly guaranteed	17.10
Small Business Administration Bonds	Other debt securities	11.30

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, 2022, 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 implicitly guaranteed	\$ 15,690,070	\$ 2,822,011	\$ 3,720,186	\$ -	\$ 9,147,873
Other debt securities	2,944,866	-	52,164	1,269,224	1,623,478
Corporate bonds	2,288,288	1,349,355	938,933	-	-
Total	\$ 20,923,224	\$ 4,171,366	\$ 4,711,283	\$ 1,269,224	\$ 10,771,351

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

City of Verona

Notes to Financial Statements
December 31, 2022

Receivables

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

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 16,399,369	\$ -
Delinquent personal property taxes receivable	-	3,627
Special charges placed on tax roll	790,588	-
Developer deposit	13,130	-
Dog licenses	8,340	-
Delinquent charges put on the tax roll	-	6,615
American Rescue Plan Act grant	<u>399,950</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 17,611,377</u>	<u>\$ 10,242</u>
Unearned revenue included in liabilities	\$ 399,950	
Unearned revenue included in deferred inflows	<u>17,211,427</u>	
Total unearned revenue for governmental funds	<u>\$ 17,611,377</u>	

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Impact Fee Account

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

Net Pension Asset

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

City of Verona

Notes to Financial Statements
December 31, 2022

Following is a list of restricted assets at December 31, 2022:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond reserve account	\$ 21,095	\$ -	\$ 21,095
Equipment replacement account	180,200	-	180,200
Impact fee account	1,632,683	-	1,632,683
Net pension asset	<u>4,038,372</u>	-	<u>4,038,372</u>
Total	<u>\$ 5,872,350</u>	<u>\$ -</u>	<u>\$ 5,872,350</u>

Capital Assets

Capital asset activity for the year ended December 31, 2022, 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	\$ 16,395,462	\$ 450,363	\$ -	\$ 16,845,825
Right of way	15,684,149	-	-	15,684,149
Construction in progress	<u>281,434</u>	<u>40,146</u>	-	<u>321,580</u>
Total capital assets not being depreciated / amortized	<u>32,361,045</u>	<u>490,509</u>	-	<u>32,851,554</u>
Capital assets being depreciated / amortized:				
Land improvements	3,347,188	35,424	-	3,382,612
Buildings	30,464,247	59,653	-	30,523,900
Machinery and equipment	12,798,061	597,150	460,028	12,935,183
Streets	53,699,685	5,331,339	134,754	58,896,270
Intangible	92,540	-	-	92,540
Sidewalks	6,508,803	584,603	3,774	7,089,632
Curb and gutter	8,653,232	734,317	21,504	9,366,045
Street lights	3,144,476	1,382,026	11,072	4,515,430
Cemetery land	<u>1,840,886</u>	-	-	<u>1,840,886</u>
Total capital assets being depreciated / amortized	<u>120,549,118</u>	<u>8,724,512</u>	<u>631,132</u>	<u>128,642,498</u>
Total capital assets	<u>152,910,163</u>	<u>9,215,021</u>	<u>631,132</u>	<u>161,494,052</u>

City of Verona

Notes to Financial Statements
December 31, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation / amortization for:				
Land improvements	\$ (425,922)	\$ (126,337)	\$ -	\$ (552,259)
Buildings	(7,879,373)	(681,940)	-	(8,561,313)
Machinery and equipment	(5,094,485)	(1,052,296)	460,028	(5,686,753)
Streets	(10,151,946)	(1,472,407)	134,754	(11,489,599)
Intangible	(21,592)	(6,169)	-	(27,761)
Sidewalks	(1,263,358)	(141,794)	3,774	(1,401,378)
Curb and gutter	(2,234,155)	(187,321)	21,504	(2,399,972)
Street lights	(1,157,044)	(301,179)	11,072	(1,447,151)
Cemetery land	(44,900)	(8,980)	-	(53,880)
Total accumulated depreciation / amortization	<u>(28,272,775)</u>	<u>(3,978,423)</u>	<u>631,132</u>	<u>(31,620,066)</u>
Net capital assets being depreciated / amortized	<u>92,276,343</u>	<u>4,746,089</u>	<u>-</u>	<u>97,022,432</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 124,637,388</u>	<u>\$ 5,236,598</u>	<u>\$ -</u>	<u>\$ 129,873,986</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities

Public safety	\$ 580,447
Health and human services	49,933
Public works	2,331,788
Culture, education and recreation	931,502
General government	<u>84,753</u>
Total governmental activities depreciation / amortization expense	<u>\$ 3,978,423</u>

City of Verona

Notes to Financial Statements
December 31, 2022

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 198,414	\$ -	\$ -	\$ 198,414
Construction in progress	-	218,624	-	218,624
	<u>198,414</u>	<u>218,624</u>	<u>-</u>	<u>417,038</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Source of supply	1,427,969	-	-	1,427,969
Pumping	6,197,317	-	-	6,197,317
Water treatment	120,145	-	-	120,145
Transmission and distribution	40,187,797	3,956,783	293,108	43,851,472
General	1,102,635	4,518	4,750	1,102,403
	<u>49,035,863</u>	<u>3,961,301</u>	<u>297,858</u>	<u>52,699,306</u>
Total capital assets being depreciated				
Total capital assets	<u>49,234,277</u>	<u>4,179,925</u>	<u>297,858</u>	<u>53,116,344</u>
Less accumulated depreciation for:				
Water plant	<u>(11,786,333)</u>	<u>(1,093,859)</u>	<u>297,858</u>	<u>(12,582,334)</u>
Total accumulated depreciation	<u>(11,786,333)</u>	<u>(1,093,859)</u>	<u>297,858</u>	<u>(12,582,334)</u>
Net capital assets being depreciated	<u>37,249,530</u>	<u>2,867,442</u>	<u>-</u>	<u>40,116,972</u>
Net water capital assets	<u>\$ 37,447,944</u>	<u>\$ 3,086,066</u>	<u>\$ -</u>	<u>\$ 40,534,010</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets not being depreciated:				
Construction in progress	\$ 4,566,105	\$ -	\$ 4,566,105	\$ -
	<u>4,566,105</u>	<u>-</u>	<u>4,566,105</u>	<u>-</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Collection system	23,969,595	5,661,315	19,220	29,611,690
General	1,194,850	4,518	7,126	1,192,242
	<u>25,164,445</u>	<u>5,665,833</u>	<u>26,346</u>	<u>30,803,932</u>
Total capital assets being depreciated				
Total capital assets	<u>29,730,550</u>	<u>5,665,833</u>	<u>4,592,451</u>	<u>30,803,932</u>
Less accumulated depreciation for:				
Sewer plant	<u>(6,183,575)</u>	<u>(487,682)</u>	<u>26,346</u>	<u>(6,644,911)</u>
Total accumulated depreciation	<u>(6,183,575)</u>	<u>(487,682)</u>	<u>26,346</u>	<u>(6,644,911)</u>
Net capital assets being depreciated	<u>18,980,870</u>	<u>5,178,151</u>	<u>-</u>	<u>24,159,021</u>
Net sewer capital assets	<u>\$ 23,546,975</u>	<u>\$ 5,178,151</u>	<u>\$ 4,566,105</u>	<u>\$ 24,159,021</u>

City of Verona

Notes to Financial Statements
December 31, 2022

	<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>2,650,843</u>	<u>2,667,883</u>	<u>2,650,843</u>	<u>2,667,883</u>
Total capital assets not being depreciated	<u>5,817,402</u>	<u>2,667,883</u>	<u>2,650,843</u>	<u>5,834,442</u>
Capital assets being depreciated:				
General plant	<u>33,228,740</u>	<u>3,675,474</u>	<u>78,049</u>	<u>36,826,165</u>
Total capital assets being depreciated	<u>33,228,740</u>	<u>3,675,474</u>	<u>78,049</u>	<u>36,826,165</u>
Total capital assets	<u>39,046,142</u>	<u>6,343,357</u>	<u>2,728,892</u>	<u>42,660,607</u>
Less accumulated depreciation for:				
Stormwater plant	<u>(6,303,381)</u>	<u>(511,434)</u>	<u>78,049</u>	<u>(6,736,766)</u>
Total accumulated depreciation	<u>(6,303,381)</u>	<u>(511,434)</u>	<u>78,049</u>	<u>(6,736,766)</u>
Net capital assets being depreciated	<u>26,925,359</u>	<u>3,164,040</u>	<u>-</u>	<u>30,089,399</u>
Net stormwater capital assets	<u>\$ 32,742,761</u>	<u>\$ 5,831,923</u>	<u>\$ 2,650,843</u>	<u>\$ 35,923,841</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 93,737,680</u>	<u>\$ 14,096,140</u>	<u>\$ 7,216,948</u>	<u>\$ 100,616,872</u>

Depreciation / amortization expense was charged to functions as follows:

Business-Type Activities

Water	\$ 1,045,399
Sewer	487,681
Stormwater	<u>511,433</u>
Total business-type activities depreciation expense	<u>\$ 2,044,513</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	\$ 29,442
Sewer utility	General fund	31,308
Stormwater utility	General fund	<u>4,569</u>
Total internal balances, government-wide statement of net position		<u>\$ 65,319</u>

All amounts are due within one year.

City of Verona

Notes to Financial Statements
December 31, 2022

Advances

The general fund is advancing funds to TIF District No. 9. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. The district 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, 2022 is \$38,718.

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	\$ 38,718	\$ 38,718
Total, fund financial statements		38,718	
Less fund eliminations		<u>(38,718)</u>	
Total, interfund advances, government-wide statement of net position		<u>\$ -</u>	

The principal purpose of this advance is the quarry purchase.

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	\$ 366,544	Debt service
Debt service	Impact fees	845,000	Debt service
Capital improvement program	General fund	657,000	Capital projects
Library	Impact fees	117,000	Impact fees collection applied to library debt
Library	Capital improvement program	30,000	Rent of old library
Special accounts	TIF 6	1,964,116	Affordable housing upon dissolution of close out of TIF 6
Revolving funds	TIF 6	108,149	City's share of final distribution on close out of TIF 6
General	Water utility	<u>725,822</u>	Payment in lieu of taxes
Total, fund financial statements		4,813,631	
Less fund eliminations		<u>(4,087,809)</u>	
Total transfers, government-wide statement of activities		<u>\$ 725,822</u>	

City of Verona

Notes to Financial Statements
December 31, 2022

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.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 35,220,000	\$ 4,740,000	\$ 10,270,000	\$ 29,690,000	\$ 4,370,000
General obligation debt from direct borrowings and direct placements	16,659	-	8,216	8,443	8,443
(Discounts)/Premiums	<u>175,058</u>	<u>414,630</u>	<u>208,729</u>	<u>380,959</u>	<u>-</u>
Total bonds and notes payable	<u>35,411,717</u>	<u>5,154,630</u>	<u>10,486,945</u>	<u>30,079,402</u>	<u>4,378,443</u>
Other liabilities:					
Vested compensated absences	<u>1,342,126</u>	<u>642,112</u>	<u>717,739</u>	<u>1,266,499</u>	<u>764,090</u>
Total other liabilities	<u>1,342,126</u>	<u>642,112</u>	<u>717,739</u>	<u>1,266,499</u>	<u>764,090</u>
Total governmental activities long-term liabilities	<u>\$ 36,753,843</u>	<u>\$ 5,796,742</u>	<u>\$ 11,204,684</u>	<u>\$ 31,345,901</u>	<u>\$ 5,142,533</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 9,355,000	\$ -	\$ 925,000	\$ 8,430,000	\$ 825,000
Revenue bonds	575,000	-	575,000	-	-
Premiums	<u>322,648</u>	<u>-</u>	<u>52,765</u>	<u>269,883</u>	<u>-</u>
Subtotal	<u>10,252,648</u>	<u>-</u>	<u>1,552,765</u>	<u>8,699,883</u>	<u>825,000</u>
Other liabilities:					
Vested compensated absences	<u>213,044</u>	<u>88,447</u>	<u>91,538</u>	<u>209,953</u>	<u>-</u>
Total other liabilities	<u>213,044</u>	<u>88,447</u>	<u>91,538</u>	<u>209,953</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 10,465,692</u>	<u>\$ 88,447</u>	<u>\$ 1,644,303</u>	<u>\$ 8,909,836</u>	<u>\$ 825,000</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, 2022, was \$181,489,925. Total general obligation debt outstanding at year end was \$38,128,443.

City of Verona

Notes to Financial Statements
December 31, 2022

General Obligation Debt

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

<u>Governmental Activities</u>					
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	\$ 7,220,000	\$ 1,340,000
State Trust Fund loan - Direct	03/26/2013	03/15/2023	2.75	75,000	8,443
General obligation promissory notes	06/26/2013	04/01/2023	1.00-2.10	2,460,000	265,000
General obligation promissory notes	07/22/2015	06/01/2025	2.00-2.50	4,865,000	1,225,000
General obligation corporate purpose bonds	07/22/2015	06/01/2035	2.00-3.50	4,765,000	3,320,000
General obligation promissory notes	07/26/2016	06/01/2026	1.45-2.00	8,305,000	2,890,000
General obligation promissory notes	07/20/2017	06/01/2027	2.00-2.25	1,360,000	555,000
General obligation corporate purpose bonds	07/20/2017	06/01/2037	3.00-3.15	5,265,000	4,160,000
General obligation corporate purpose bonds	07/19/2018	06/01/2038	3.00-3.50	4,230,000	3,620,000
General obligation promissory notes	07/19/2018	06/01/2028	2.50-3.00	4,600,000	3,100,000
General obligation promissory bonds	07/17/2019	09/01/2034	2.50-4.00	2,480,000	2,015,000
General obligation corporate purpose bonds	08/20/2020	09/01/2030	1.05-3.00	1,055,000	835,000
General obligation promissory notes	05/05/2021	04/01/2031	1.00-3.00	1,960,000	1,625,000
General obligation promissory notes	03/03/2022	06/01/2034	2.00-4.00	4,740,000	<u>4,740,000</u>
Total governmental activities, general obligation debt					<u>\$ 29,698,443</u>

City of Verona

Notes to Financial Statements
December 31, 2022

<u>Business-Type Activities General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
General obligation corporate purpose bonds	07/24/2012	03/01/2029	2.00-3.00%	\$ 1,860,000	\$ 615,000
General obligation corporate purpose bonds	07/26/2016	06/01/2026	1.45-2.00	1,450,000	615,000
General obligation corporate purpose bonds	07/20/2017	06/01/2027	2.00-2.25	1,675,000	875,000
General obligation corporate purpose bonds	07/19/2018	06/01/2038	3.00-3.50	620,000	530,000
General obligation promissory notes	07/19/2018	06/01/2028	2.50-3.00	100,000	60,000
General obligation corporate purpose bonds	08/20/2020	09/01/2039	1.05-3.00	4,555,000	4,025,000
General obligation promissory notes	05/05/2021	04/01/2030	1.00-3.00	255,000	230,000
General obligation promissory notes	05/05/2021	04/01/2031	1.00-3.00	1,625,000	<u>1,480,000</u>
Total business-type activities, general obligation debt					<u>\$ 8,430,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 4,370,000	\$ 785,946	\$ 825,000	\$ 167,749
2024	3,890,000	677,506	830,000	147,183
2025	3,780,000	575,771	850,000	126,729
2026	3,010,000	482,073	865,000	105,511
2027	2,185,000	403,849	720,000	85,520
2028-2032	7,815,000	1,185,963	2,295,000	267,202
2033-2037	4,360,000	335,465	1,460,000	132,125
2038-2039	<u>280,000</u>	<u>49,000</u>	<u>585,000</u>	<u>15,233</u>
Total	<u>\$ 29,690,000</u>	<u>\$ 4,495,573</u>	<u>\$ 8,430,000</u>	<u>\$ 1,047,252</u>

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

The City's outstanding State Trust Fund Loan from direct borrowings related to governmental activities of \$8,443 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.

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.

City of Verona

Notes to Financial Statements
December 31, 2022

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 March 3, 2022, the City issued \$4,740,000 in general obligation bonds with an average coupon rate of 1.56% to refund \$5,945,000 of outstanding bonds with an average coupon rate of 3.35%. 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 \$6,814,530 from 2022 through 2034. The cash flow requirements on the 2022 refunding bonds are \$5,687,011 from 2022 through 2034. 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 \$488,899.

The income statement gain was \$135,417.

Lease Disclosures

Lessor - Lease Receivables

<u>Business-Type Activities</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance December 31, 2022</u>
<u>Lease Receivables Description</u>				
Cellular antennas on water tower	2009-2022	2038-2047	3%	\$ 2,493,518
Total business-type activities				<u>\$ 2,493,518</u>

The Water Utility recognized \$77,445 of lease revenue during the fiscal year.

The Water Utility recognized \$76,049 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 16,845,825
Construction in progress	321,580
Right of way	15,684,149
Other capital assets, net of accumulated depreciation/amortization	97,022,432
Plus unspent capital related debt proceeds	928,883
Less long-term capital debt outstanding	(29,156,438)
Less unamortized debt premium	<u>(380,959)</u>
Total net investment in capital assets	<u>\$ 101,265,472</u>

City of Verona

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, 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	\$ 167,784	\$ -	\$ -	\$ 4,319	\$ 172,103
Long-term receivables	<u>38,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,718</u>
Subtotal	<u>206,502</u>	<u>-</u>	<u>-</u>	<u>4,319</u>	<u>210,821</u>
Restricted for:					
Debt service	-	47,931	-	-	47,931
Capital projects	-	-	928,883	-	928,883
Library purposes	-	-	-	606,474	606,474
TIF activities	-	-	-	599,528	599,528
Library facilities	-	-	-	473,430	473,430
Police facilities	-	-	-	468,724	468,724
Fire facilities	-	-	-	690,529	690,529
Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,001</u>	<u>301,001</u>
Subtotal	<u>-</u>	<u>47,931</u>	<u>928,883</u>	<u>3,139,686</u>	<u>4,116,500</u>
Committed to:					
Senior citizen activities and services	-	-	-	452,474	452,474
Refuse and recycling	-	-	-	128,874	128,874
Urban forestry programs	-	-	-	45,145	45,145
Cable operations	-	-	-	711,094	711,094
Tourism	-	-	-	282,704	282,704
Crime prevention	-	-	-	27,424	27,424
Fire and EMS	-	-	-	738,152	738,152
Council activities	-	-	-	100	100
EPIC grant activities	-	-	-	170,569	170,569
Equipment replacement	-	-	-	2,721,549	2,721,549
Economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,522,169</u>	<u>2,522,169</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,800,254</u>	<u>7,800,254</u>
Assigned to:					
Subsequent year's budget	959,514	-	-	-	959,514
Capital projects	<u>-</u>	<u>-</u>	<u>2,857,705</u>	<u>-</u>	<u>2,857,705</u>
Subtotal	<u>959,514</u>	<u>-</u>	<u>2,857,705</u>	<u>-</u>	<u>3,817,219</u>
Unassigned (deficit):					
	<u>4,100,675</u>	<u>-</u>	<u>-</u>	<u>(79,404)</u>	<u>4,021,271</u>
Total fund balances (deficit)	<u>\$ 5,266,691</u>	<u>\$ 47,931</u>	<u>\$ 3,786,588</u>	<u>\$ 10,864,855</u>	<u>\$ 19,966,065</u>

City of Verona

Notes to Financial Statements
December 31, 2022

Business-Type Activities

Net investment in capital assets:	
Land	\$ 3,252,973
Construction in progress	2,886,507
Intangible assets	112,000
Other capital assets, net of accumulated depreciation	94,365,392
Less long-term debt outstanding	(8,430,000)
Plus unamortized loss on refunding	588
Less unamortized premium	<u>(269,883)</u>
Total net investment in capital assets	<u>\$ 91,917,577</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 for 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>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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.

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>
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)
2020	1.7	21.0
2021	5.1	13.0

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 was 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 \$601,217 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2022 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 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

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

At December 31, 2022, the City reported an asset of \$4,038,372 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.05010273%, which was an increase of 0.00088523% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense (revenue) of \$353,614.

City of Verona

Notes to Financial Statements
December 31, 2022

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 6,523,786	\$ 470,435
Changes in assumptions	753,422	-
Net differences between projected and actual earnings on pension plan investments	-	9,034,175
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,958	3,989
Employer contributions subsequent to the measurement date	<u>589,556</u>	<u>-</u>
Total	<u>\$ 7,873,722</u>	<u>\$ 9,508,599</u>

\$589,556 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ (188,350)
2024	(1,093,142)
2025	(481,389)
2026	(461,552)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 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:

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

* *Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations*

** *New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%*

*** *The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.*

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (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, 2021. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% 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.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City’s proportionate share of the net pension liability (asset)	<u>\$ 2,865,511</u>	<u>\$ (4,038,372)</u>	<u>\$ (9,007,883)</u>

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, 2022, 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, 2022 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 and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

The City has active construction projects as of December 31, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

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 2022, the City did not make a payment. Since the payments are contingent upon the value of parcel value identified with the agreement, the obligation is not reported as a liability in the accompanying financial statements.

TIF No. 8

On June 27, 2022, the City entered into an agreement with ICE Inc. for the purpose of operating the Verona Ice Arena. Beginning in 2024, the City shall pay ICE \$25,000 each year for 10 years and a not to exceed a maximum of \$250,000. Payments will be made solely from room tax collected by the City and are dependent upon sufficient room tax collected. The agreement shall terminate December 31, 2033.

TIF No. 6

On August 22, 2022, the City entered into an agreement with ICE Inc. for the purpose of operating the Verona Ice Arena. Beginning in 2024, the City shall pay ICE \$50,000 each year for 10 years and not to exceed a maximum of \$500,000. The agreement shall terminate December 31, 2033.

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 \$730,914 for operating and capital costs to the district for 2022. 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 \$1,016,454 in the district that is accounted for in the governmental activities.

City of Verona

Notes to Financial Statements
December 31, 2022

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.

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>12/31/2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>12/31/2022</u>
Keller Burke (KB) Verona Main, LLC	4	Developer financed	\$ 190,331	\$ -	\$ (85,325)	\$ 105,006
ANOREV (Livesay)	8	Developer financed	2,370,229	-	-	2,370,229
ASC Holdings, LLC	10	Developer financed	800,000	-	(105,119)	694,881
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
Arrowhead (Livesay)	8	Developer financed	-	16,000,000	-	16,000,000
Klasski Property	9	Developer financed	-	2,238,159	-	2,238,159
Total			<u>\$ 11,939,347</u>	<u>\$ 18,238,159</u>	<u>\$ (190,444)</u>	<u>\$ 26,816,946</u>

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property	\$ 5,697,129	\$ 5,698,860	\$ 1,731
Use tax penalty	-	3,537	3,537
Room	110,000	163,019	53,019
	<u>5,807,129</u>	<u>5,865,416</u>	<u>58,287</u>
Total taxes			
Intergovernmental Revenues			
State aid, shared taxes	132,642	156,102	23,460
State aid, road aid	1,407,484	1,425,621	18,137
State aid, exempt computer aid	167,691	167,691	-
State aid personal property tax aid	117,006	117,006	-
Other state payments	-	245	245
Payments for municipal services	26,000	8,672	(17,328)
	<u>1,850,823</u>	<u>1,875,337</u>	<u>24,514</u>
Total intergovernmental revenues			
Public Charges for Services			
Photocopies	-	1,038	1,038
Parks	64,000	83,299	19,299
Shelter and rental fees	7,200	12,497	5,297
Recreation programs	142,150	165,618	23,468
Swimming areas	42,000	35,450	(6,550)
Fairs, exhibits and celebrations	31,100	33,200	2,100
Stadium	1,000	1,918	918
Other public charges for services	54,500	34,181	(20,319)
	<u>341,950</u>	<u>367,201</u>	<u>25,251</u>
Total public charges for services			
Fines, Forfeitures and Penalties			
Court penalties and costs	110,000	143,520	33,520
Parking violations	12,000	5,785	(6,215)
	<u>122,000</u>	<u>149,305</u>	<u>27,305</u>
Total fines, forfeitures and penalties			
Licenses and Permits			
Liquor and malt beverage licenses	33,600	51,059	17,459
Operators' license	7,000	7,376	376
Cigarette licenses	900	1,000	100
Amusement device licenses	4,800	3,500	(1,300)
Bicycle licenses	-	12	12
Dog licenses	5,000	7,432	2,432
Building permits	193,743	224,539	30,796
Electrical permits	54,641	115,228	60,587
Plumbing permits	58,928	110,211	51,283
Heating and air conditioning permits	63,268	110,690	47,422
Erosion control permits	16,142	33,871	17,729
Plan review fees	49,680	175,435	125,755
Other regulatory permits and fees	2,300	9,942	7,642
	<u>490,002</u>	<u>850,295</u>	<u>360,293</u>
Total licenses and permits			

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Investment Income (Loss)			
Interest on investments	\$ 200,000	\$ (429,023)	\$ (629,023)
Miscellaneous Revenues			
Miscellaneous revenues	475	4,755	4,280
Total revenues	<u>8,812,379</u>	<u>8,683,286</u>	<u>(129,093)</u>
Expenditures			
General Government			
Mayor and City council	148,721	118,780	29,941
Municipal court	75,775	98,132	(22,357)
Administration	910,361	850,866	59,495
General buildings/plant/hall	99,940	106,545	(6,605)
Other insurance	156,000	99,041	56,959
Legal	35,000	83,297	(48,297)
Contingent	80,000	-	80,000
Total general government	<u>1,505,797</u>	<u>1,356,661</u>	<u>149,136</u>
Public Safety			
Police	4,175,912	3,922,956	252,956
Emergency government	11,950	4,181	7,769
Hydrant rental	615,811	615,811	-
Total public safety	<u>4,803,673</u>	<u>4,542,948</u>	<u>260,725</u>
Public Works			
Highway	<u>1,594,153</u>	<u>1,546,273</u>	<u>47,880</u>
Culture, Recreation and Education			
Parks	752,703	746,242	6,461
Recreation programs and events	112,895	120,242	(7,347)
Recreation administration	160,257	167,416	(7,159)
Recreation facilities	15,500	19,966	(4,466)
Swimming areas	40,500	26,724	13,776
Total culture, recreation and education	<u>1,081,855</u>	<u>1,080,590</u>	<u>1,265</u>
Conservation and Development			
Building inspection	274,305	255,713	18,592
Planning	226,946	88,348	138,598
Tourism/City beautification	10,000	9,526	474
Total conservation and development	<u>511,251</u>	<u>353,587</u>	<u>157,664</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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Capital Outlay			
Capital outlay	\$ 55,650	\$ 39,323	\$ 16,327
Total expenditures	<u>9,552,379</u>	<u>8,919,382</u>	<u>632,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(740,000)</u>	<u>(236,096)</u>	<u>503,904</u>
Other Financing Sources (Uses)			
Transfers in, utility PILOT	740,000	725,822	(14,178)
Transfers out	(657,000)	(657,000)	-
Proceeds from sale of capital assets	<u>-</u>	<u>2,164</u>	<u>2,164</u>
Total other financing sources (uses)	<u>83,000</u>	<u>70,986</u>	<u>(12,014)</u>
Net change in fund balance	(657,000)	(165,110)	491,890
Fund Balance, Beginning	<u>5,431,801</u>	<u>5,431,801</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,774,801</u>	<u>\$ 5,266,691</u>	<u>\$ 491,890</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, 2022

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/22	0.05010273%	\$ (4,038,372)	\$ 6,667,539	60.57%	106.02%
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, 2022

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/22	\$ 589,556	\$ 589,556	\$ -	\$ 6,623,419	8.90%
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, 2022

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. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

City of Verona

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds		
	Library	Senior Citizens Center	Refuse and Recycling
Assets			
Treasurer's working cash	\$ 667,740	\$ 472,030	\$ 181,482
Receivables:			
Taxes	1,336,016	500,713	790,588
Accounts	-	3,038	-
Promissory notes	-	-	-
Due from other governments	-	-	3,626
Restricted cash	-	-	-
Inventories and prepayments	523	523	523
	<u>523</u>	<u>523</u>	<u>523</u>
Total assets	<u>\$ 2,004,279</u>	<u>\$ 976,304</u>	<u>\$ 976,219</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 31,097	\$ 16,496	\$ 50,732
Accrued liabilities	30,169	6,098	1,875
Deposits	-	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>61,266</u>	<u>22,594</u>	<u>52,607</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	3,627
Unearned revenues	1,336,016	500,713	790,588
	<u>1,336,016</u>	<u>500,713</u>	<u>794,215</u>
Total deferred inflows of resources	<u>1,336,016</u>	<u>500,713</u>	<u>794,215</u>
Fund Balances (Deficit)			
Nonspendable	523	523	523
Restricted	606,474	-	-
Committed	-	452,474	128,874
Unassigned (deficit)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>606,997</u>	<u>452,997</u>	<u>129,397</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,004,279</u>	<u>\$ 976,304</u>	<u>\$ 976,219</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>
\$ 45,145	\$ 682,579	\$ -	\$ 3,162,613	\$ 450,872	\$ 767,393	\$ 303,782
29,500	-	-	801,834	-	1,449,074	-
-	29,885	-	92,492	-	-	-
-	-	-	-	94,857	-	-
-	-	-	-	-	-	-
-	-	1,632,683	-	-	-	-
-	523	-	-	-	2,227	-
<u>\$ 74,645</u>	<u>\$ 712,987</u>	<u>\$ 1,632,683</u>	<u>\$ 4,056,939</u>	<u>\$ 545,729</u>	<u>\$ 2,218,694</u>	<u>\$ 303,782</u>
\$ -	\$ -	\$ -	\$ 387,024	\$ -	\$ 14,993	\$ 2,781
-	1,370	-	-	-	25,142	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	399,950	-	-	-
-	1,370	-	786,974	-	40,135	2,781
-	-	-	-	-	-	-
29,500	-	-	801,834	-	1,449,074	-
29,500	-	-	801,834	-	1,449,074	-
-	523	-	-	-	2,227	-
-	-	1,632,683	-	-	-	301,001
45,145	711,094	-	2,468,131	545,729	727,258	-
-	-	-	-	-	-	-
45,145	711,617	1,632,683	2,468,131	545,729	729,485	301,001
<u>\$ 74,645</u>	<u>\$ 712,987</u>	<u>\$ 1,632,683</u>	<u>\$ 4,056,939</u>	<u>\$ 545,729</u>	<u>\$ 2,218,694</u>	<u>\$ 303,782</u>

City of Verona

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Capital Projects Funds		
	Revolving Funds	TIF District No. 4	TIF District No. 6
Assets			
Treasurer's working cash	\$ 2,751,087	\$ 588,562	\$ -
Receivables:			
Taxes	744,000	746,978	-
Accounts	-	-	-
Promissory notes	-	-	-
Due from other governments	-	-	-
Restricted cash	-	-	-
Inventories and prepayments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,495,087</u>	<u>\$ 1,335,540</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 29,538	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>29,538</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Unearned revenues	744,000	746,978	-
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>744,000</u>	<u>746,978</u>	<u>-</u>
Fund Balances (Deficit)			
Nonspendable	-	-	-
Restricted	-	588,562	-
Committed	2,721,549	-	-
Unassigned (deficit)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>2,721,549</u>	<u>588,562</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,495,087</u>	<u>\$ 1,335,540</u>	<u>\$ -</u>

Capital Projects Funds

TIF District No. 8	TIF District No. 9	TIF District No. 10	Total Nonmajor Governmental Funds
\$ 95,426	\$ -	\$ 10,966	\$ 10,179,677
302,626	129,604	129,999	6,960,932
1,121	-	-	126,536
-	-	-	94,857
-	-	-	3,626
-	-	-	1,632,683
-	-	-	4,319
<u>\$ 399,173</u>	<u>\$ 129,604</u>	<u>\$ 140,965</u>	<u>\$ 19,002,630</u>
\$ 65,161	\$ -	\$ -	\$ 597,822
-	-	-	64,654
72,072	-	-	72,072
-	38,718	-	38,718
-	-	-	399,950
<u>137,233</u>	<u>38,718</u>	<u>-</u>	<u>1,173,216</u>
-	-	-	3,627
<u>302,626</u>	<u>129,604</u>	<u>129,999</u>	<u>6,960,932</u>
<u>302,626</u>	<u>129,604</u>	<u>129,999</u>	<u>6,964,559</u>
-	-	-	4,319
-	-	10,966	3,139,686
-	-	-	7,800,254
<u>(40,686)</u>	<u>(38,718)</u>	<u>-</u>	<u>(79,404)</u>
<u>(40,686)</u>	<u>(38,718)</u>	<u>10,966</u>	<u>10,864,855</u>
<u>\$ 399,173</u>	<u>\$ 129,604</u>	<u>\$ 140,965</u>	<u>\$ 19,002,630</u>

City of Verona

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue Funds		
	Library	Senior Citizens Center	Refuse and Recycling
Revenues			
Taxes	\$ 1,351,204	\$ 482,473	\$ -
Intergovernmental	1,082,377	48,000	21,927
Public charges for services	5,580	73,153	741,269
Fines, forfeitures and penalties	7,901	-	-
Licenses and permits	-	-	-
Investment income	-	-	-
Miscellaneous revenues	72,197	2,355	573
Total revenues	<u>2,519,259</u>	<u>605,981</u>	<u>763,769</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	761,588
Health and human services	-	473,522	-
Culture, recreation and education	2,175,165	-	-
Conservation and development	-	-	-
Capital outlay	12,945	90,746	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,188,110</u>	<u>564,268</u>	<u>761,588</u>
Excess (deficiency) of revenues over expenditures	<u>331,149</u>	<u>41,713</u>	<u>2,181</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	147,000	-	-
Transfers out	(366,544)	-	-
Total other financing sources (uses)	<u>(219,544)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	111,605	41,713	2,181
Fund Balances (Deficit), Beginning	<u>495,392</u>	<u>411,284</u>	<u>127,216</u>
Fund Balances (Deficit), Ending	<u>\$ 606,997</u>	<u>\$ 452,997</u>	<u>\$ 129,397</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>
\$ 29,500	\$ -	\$ -	\$ 1,111,292	\$ -	\$ 1,285,178	\$ -
-	29,601	-	568,233	-	337,116	-
21,625	-	708,893	-	-	-	24,830
-	-	-	-	-	-	-
-	118,577	-	-	-	29,945	-
-	-	20,003	-	2,324	-	5,118
-	-	-	123,387	-	7,125	-
<u>51,125</u>	<u>148,178</u>	<u>728,896</u>	<u>1,802,912</u>	<u>2,324</u>	<u>1,659,364</u>	<u>29,948</u>
-	-	-	-	1,857	-	-
-	-	-	796,242	-	1,554,557	-
21,641	-	-	568,233	-	-	-
-	-	-	-	-	-	14,624
-	135,828	-	1,646	-	-	-
-	-	-	316,929	-	-	-
-	-	-	13,690	-	41,788	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>21,641</u>	<u>135,828</u>	<u>-</u>	<u>1,696,740</u>	<u>1,857</u>	<u>1,596,345</u>	<u>14,624</u>
<u>29,484</u>	<u>12,350</u>	<u>728,896</u>	<u>106,172</u>	<u>467</u>	<u>63,019</u>	<u>15,324</u>
-	-	-	-	-	654	-
-	-	-	1,964,116	-	-	-
-	-	(962,000)	-	-	-	-
-	-	(962,000)	1,964,116	-	654	-
29,484	12,350	(233,104)	2,070,288	467	63,673	15,324
15,661	699,267	1,865,787	397,843	545,262	665,812	285,677
<u>\$ 45,145</u>	<u>\$ 711,617</u>	<u>\$ 1,632,683</u>	<u>\$ 2,468,131</u>	<u>\$ 545,729</u>	<u>\$ 729,485</u>	<u>\$ 301,001</u>

City of Verona

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2022

	Capital Projects Funds		
	Revolving Funds	TIF District No. 4	TIF District No. 6
Revenues			
Taxes	\$ 605,000	\$ 859,190	\$ 1,964,116
Intergovernmental	66,209	38,117	12,117
Public charges for services	-	-	-
Fines, forfeitures and penalties	-	-	-
Licenses and permits	-	-	-
Investment income	35,678	8,123	5,890
Miscellaneous revenues	25,153	-	34,967
	<u>732,040</u>	<u>905,430</u>	<u>2,017,090</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and human services	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	119,154	-
Capital outlay	483,908	3,643	387,673
Debt service:			
Principal	-	495,000	250,000
Interest and fiscal charges	-	21,625	2,600
	<u>483,908</u>	<u>639,422</u>	<u>640,273</u>
Total expenditures	<u>483,908</u>	<u>639,422</u>	<u>640,273</u>
Excess (deficiency) of revenues over expenditures	<u>248,132</u>	<u>266,008</u>	<u>1,376,817</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	52,493	-	-
Transfers in	108,149	-	-
Transfers out	-	-	(2,072,265)
	<u>160,642</u>	<u>-</u>	<u>(2,072,265)</u>
Total other financing sources (uses)	<u>160,642</u>	<u>-</u>	<u>(2,072,265)</u>
Net change in fund balances	408,774	266,008	(695,448)
Fund Balances (Deficit), Beginning	<u>2,312,775</u>	<u>322,554</u>	<u>695,448</u>
Fund Balances (Deficit), Ending	<u>\$ 2,721,549</u>	<u>\$ 588,562</u>	<u>\$ -</u>

Capital Projects Funds			Total Nonmajor Governmental Funds
TIF District No. 8	TIF District No. 9	TIF District No. 10	
\$ 21,767	\$ 20,310	\$ 135,679	\$ 7,865,709
-	-	-	2,203,697
-	-	-	1,575,350
-	-	-	7,901
-	-	-	148,522
6,341	-	694	84,171
1,951,208	-	-	2,216,965
<u>1,979,316</u>	<u>20,310</u>	<u>136,373</u>	<u>14,102,315</u>
-	-	-	1,857
-	-	-	2,350,799
-	-	1,596	1,353,058
-	-	-	488,146
-	-	-	2,312,639
8,342	12,537	106,819	563,781
1,958,287	-	-	2,992,680
-	-	-	745,000
-	-	-	24,225
<u>1,966,629</u>	<u>12,537</u>	<u>108,415</u>	<u>10,832,185</u>
<u>12,687</u>	<u>7,773</u>	<u>27,958</u>	<u>3,270,130</u>
-	-	-	53,147
-	-	-	2,219,265
-	-	-	(3,400,809)
-	-	-	(1,128,397)
12,687	7,773	27,958	2,141,733
(53,373)	(46,491)	(16,992)	8,723,122
<u>\$ (40,686)</u>	<u>\$ (38,718)</u>	<u>\$ 10,966</u>	<u>\$ 10,864,855</u>

FORM OF LEGAL OPINION

(See following pages)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

May 9, 2024

Re: City of Verona, Wisconsin ("Issuer")
\$4,745,000 General Obligation Promissory Notes, Series 2024A,
dated May 9, 2024 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$160,000	___%
2026	605,000	___
2027	465,000	___
2028	470,000	___
2029	485,000	___
2030	495,000	___
2031	500,000	___
2032	515,000	___
2033	525,000	___
2034	525,000	___

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2025.

The Notes maturing on April 1, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2031 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the Notes, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Verona, Dane County, Wisconsin (the "Issuer") in connection with the issuance of \$4,745,000 General Obligation Promissory Notes, Series 2024A, dated May 9, 2024 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on March 25, 2024, as supplemented by an Approving Certificate, dated _____, 2024 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated April 18, 2024 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Verona, Dane County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Finance Director/Treasurer of the Issuer who can be contacted at 111 Lincoln Street, Verona, Wisconsin 53593, phone (608) 848-9949, fax (608) 845-8613.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2023, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 9th day of May, 2024.

(SEAL)

Luke Diaz
Mayor

Holly Licht
City Clerk

NOTICE OF SALE

**\$4,745,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A
CITY OF VERONA, WISCONSIN**

Bids for the purchase of \$4,745,000* General Obligation Promissory Notes, Series 2024A (the "Notes") of the City of Verona, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on April 18, 2024, at which time they will be opened, read and tabulated. **The Common Council adopted a resolution on March 25, 2024 (the "Parameters Resolution"), which authorized the City Administrator or the Finance Director/Treasurer to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are met. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on April 18, 2024, then neither the City Administrator nor the Finance Director/Treasurer will have the authority to award the sale of the Notes, and all bids will be rejected.**

AUTHORITY; PURPOSE; SECURITY

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the cost of street, sewer and storm sewer improvements, a pedestrian trail, park improvements, a fire truck refurbishment project and renovations to the old school building in Tax Incremental District No. 9 that will be leased to Art House 360. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated May 9, 2024, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$160,000	2029	\$485,000	2033	\$525,000
2026	605,000	2030	495,000	2034	525,000
2027	465,000	2031	500,000		
2028	470,000	2032	515,000		

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each, up to a maximum of \$100,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after April 1, 2032 shall be subject to optional redemption prior to maturity on April 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

DELIVERY

On or about May 9, 2024, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for the Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

SUBMISSION OF BIDS

Bids must not be for less than \$4,697,550 nor more than \$5,124,600 plus accrued interest on the principal sum of \$4,745,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$94,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. **The Notes will not be awarded if the TIC (taking the purchaser's compensation into account) exceeds 4.75% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Notes. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Holly Licht, City Clerk
City of Verona, Wisconsin

BID FORM

April 18, 2024

City of Verona, Wisconsin (the "City")

RE: \$4,745,000* General Obligation Promissory Notes, Series 2024A (the "Notes")

DATED: May 9, 2024

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$4,697,550 nor more than \$5,124,600) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2025	_____ % due	2029	_____ % due	2033
_____ % due	2026	_____ % due	2030	_____ % due	2034
_____ % due	2027	_____ % due	2031		
_____ % due	2028	_____ % due	2032		

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each, up to a maximum of \$100,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$94,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about May 9, 2024.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___ 10% test, or the ___ hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 9, 2024 of the above bid is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the City of Verona, Wisconsin, on April 18, 2024.

By: _____
Title: _____