



**Johnson ▲ Block**  
AND COMPANY, INC.

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Certified Public Accountants

**TOWN OF VERONA**  
Verona, Wisconsin

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended December 31, 2010**

Johnson Block & Co., Inc.  
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*Quality service through our commitment to clients and staff.*

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**December 31, 2010**

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Certified Public Accountants

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Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Kryszinski ▲ Janice L. Froelich

## INDEPENDENT AUDITOR'S REPORT

March 7, 2011

To the Town Board  
Town of Verona  
Verona, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Verona, Wisconsin as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Town of Verona, Wisconsin as of December 31, 2010, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

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

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin

**Town of Verona**  
**Statement of Net Assets**  
**December 31, 2010**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 1,439,990	\$ 7,867	\$ 1,447,857
Taxes Receivable	1,113,804	-	1,113,804
Accounts Receivable	2,246	941	3,187
Interfund Balances	(2,221)	2,221	-
Due from Other Governmental Agencies	45,630	-	45,630
Restricted Assets	-	133,196	133,196
Prepaid Expenses	8,616	-	8,616
Investment in joint ventures	165,376	-	165,376
Total Current Assets	2,773,441	144,225	2,917,666
Capital Assets:			
Land	30,290	-	30,290
Other Capital Assets, Net	2,539,999	109,514	2,649,513
Total Capital Assets	2,570,289	109,514	2,679,803
 Total Assets	 \$ 5,343,730	 \$ 253,739	 \$ 5,597,469
 <b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 56,087	\$ 3,299	\$ 59,386
Accrued liabilities and deposits	11,400	-	11,400
Unearned revenue	8,562	-	8,562
Deposits	1,103,022	-	1,103,022
Current Portion of Compensated Absences	1,798	-	1,798
Total Current Liabilities	1,180,869	3,299	1,184,168
Noncurrent Liabilities:			
Noncurrent Portion of Compensated Absences	26,588	-	26,588
Total Noncurrent Liabilities	26,588	-	26,588
 Total Liabilities	 1,207,457	 3,299	 1,210,756
 <b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,570,289	109,514	2,679,803
Restricted for:			
Equipment replacement	-	133,196	133,196
Unrestricted	1,565,984	7,730	1,573,714
Total Net Assets	4,136,273	250,440	4,386,713
 Total Liabilities and Net Assets	 \$ 5,343,730	 \$ 253,739	 \$ 5,597,469

See accompanying notes to the basic financial statements.

**Town of Verona  
Statement of Activities  
For the Year Ended December 31, 2010**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 357,782	\$ 4,003	\$ 8,023	\$ -	\$ (345,756)		\$ (345,756)
Public Safety	229,931	27,417	14,981	-	(187,533)		(187,533)
Public Works	562,158	114,950	198,306	-	(248,902)		(248,902)
Recreation and Education	4,726	-	-	-	(4,726)		(4,726)
Conservation and development	3,950	7,522	-	-	3,572		3,572
Total Governmental Activities	<u>1,158,547</u>	<u>153,892</u>	<u>221,310</u>	<u>-</u>	<u>(783,345)</u>		<u>(783,345)</u>
<b>Business-type Activities</b>							
Sanitary District No. 1	21,275	17,679	-	-		\$ (3,596)	(3,596)
Total Business-type Activities	<u>21,275</u>	<u>17,679</u>	<u>-</u>	<u>-</u>		<u>(3,596)</u>	<u>(3,596)</u>
Total Government	<u>\$ 1,179,822</u>	<u>\$ 171,571</u>	<u>\$ 221,310</u>	<u>\$ -</u>	<u>(783,345)</u>	<u>(3,596)</u>	<u>(786,941)</u>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, levied for general purposes					966,540	-	966,540
Other Taxes					3,303	-	3,303
Intergovernmental revenues not restricted to specific programs					4,528	894	5,422
Investment Income					15,824		15,824
Miscellaneous					2,113	-	2,113
Total General Revenues					<u>992,308</u>	<u>894</u>	<u>993,202</u>
Change in Net Assets					208,963	(2,702)	206,261
Net Assets, beginning of year					3,927,310	253,142	4,180,452
Net Assets, end of year					<u>\$ 4,136,273</u>	<u>\$ 250,440</u>	<u>\$ 4,386,713</u>

See accompanying notes to the basic financial statements.

**Town of Verona  
Balance Sheet  
Governmental Funds  
December 31, 2010**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Investments	\$ 996,730	\$ 443,260	\$ 1,439,990
Receivables:			
Taxes	1,113,804	-	1,113,804
Special Assessments	4,622	-	4,622
Accounts	2,246	-	2,246
Due from Other Governments	45,630	-	45,630
Prepaid Expenses	8,616	-	8,616
Total Assets	<u>\$ 2,171,648</u>	<u>\$ 443,260</u>	<u>\$ 2,614,908</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 26,809	\$ -	\$ 26,809
Accrued Liabilities	33,901	-	33,901
Due to Other Funds	2,221	-	2,221
Payable to Other Governments	8,562	-	8,562
Deferred Revenue	1,148,651	-	1,148,651
Deposits Payable	11,400	-	11,400
Total Liabilities	<u>1,231,544</u>	<u>-</u>	<u>1,231,544</u>
Fund Balance:			
Reserved			
Delinquent special assessments	4,622	-	4,622
Prepaid items	8,616	-	8,616
Unreserved, reported in:			
General fund designated	30,174	-	30,174
Capital project funds designated	-	443,260	443,260
General fund undesignated	896,692	-	896,692
Total Fund Balance	<u>940,104</u>	<u>443,260</u>	<u>1,383,364</u>
Total Liabilities and Fund Balance	<u>\$ 2,171,648</u>	<u>\$ 443,260</u>	<u>\$ 2,614,908</u>

See accompanying notes to the basic financial statements.

**Town of Verona**  
**Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Assets**  
**December 31, 2010**

Total fund balances, governmental funds \$1,383,364

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:

Land	30,290	
Other governmental capital assets	3,075,053	
Governmental accumulated depreciation	<u>(535,054)</u>	
		2,570,289

Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 45,630

Investments in joint ventures are not financial resources and, therefore, are not reported in the funds. 165,376

Long-term liabilities are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Assets that are not reported in the funds balance sheet are:

Compensated absences		(1,798)
Compensated absences- retirees		<u>(26,588)</u>

Net Assets of Governmental Activities in the Statement of Net Assets \$4,136,273

**Town of Verona**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2010**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 966,540	\$ -	\$ 966,540
Other Taxes	3,303	-	3,303
Intergovernmental	243,128	-	243,128
License and Permits	28,689	-	28,689
Charges for Services	118,050	-	118,050
Interest Income	14,523	1,301	15,824
Miscellaneous Income	9,267	-	9,267
Total Revenues	1,383,500	1,301	1,384,801
<b>EXPENDITURES</b>			
Current:			
General Government	327,815	-	327,815
Public Safety	207,988	-	207,988
Public Works	463,719	-	463,719
Recreation and Education	4,726	-	4,726
Conservation and Development	3,950	-	3,950
Capital Outlay	159,194	-	159,194
Total Expenditures	1,167,392	-	1,167,392
Excess (Deficiency) of Revenues Over Expenditures	216,108	1,301	217,409
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	143,000	143,000
Transfers Out	(143,000)	-	(143,000)
Total Other Financing Sources and Uses	(143,000)	143,000	-
Net Change in Fund Balances	73,108	144,301	217,409
Fund Balances - Beginning	866,996	298,959	1,165,955
Fund Balances - Ending	\$ 940,104	\$ 443,260	\$ 1,383,364

See accompanying notes to the basic financial statements.

**Town of Verona**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental**  
**Funds to the Statement of Activities**  
**For the Year Ended December 31, 2010**

Net change in fund balances - total governmental funds:	\$	217,409
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlay \$112,238 was more than depreciation \$88,683 in the current period.</p>		
		23,555
<p>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.</p> <p>Annexation receivables</p>		
		(17,292)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p> <p>Compensated absences increase</p> <p>Compensated absences decrease - retirees</p>		
		6,097
		(3,531)
<p>The proportionate share of the change in net assets related to joint ventures the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.</p>		
		(17,275)
Change in net assets of governmental activities	<u>\$</u>	<u>208,963</u>

See accompanying notes to the basic financial statements.

**Town of Verona**  
**Statement of Net Assets**  
**Proprietary Fund**  
**December 31, 2010**

	<u>Sanitary</u> <u>District #1</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 7,867
Receivables	
Accounts	941
Due from Other Funds	2,221
Total Current Assets	<u>11,029</u>
Restricted:	
Restricted Cash and Cash Equivalents	<u>133,196</u>
Total Restricted Assets	<u>133,196</u>
Capital Assets:	
Other Capital Assets	177,679
Less Accumulated Depreciation	<u>(68,164)</u>
Net Capital Assets	<u>109,515</u>
Total Assets	<u>\$ 253,740</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 3,300
Total Current Liabilities	<u>3,300</u>
Total Liabilities	<u>3,300</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	109,515
Restricted for	
Equipment replacement	133,196
Unrestricted	7,729
Total Net Assets	<u>250,440</u>
Total Liabilities and Net Assets	<u>\$ 253,740</u>

See accompanying notes to the basic financial statements

**Town of Verona**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Year Ended December 31, 2010**

	<u>Sanitary</u> <u>District #1</u>
<b>REVENUES</b>	
Charges for Services	\$ 17,679
Total Operating Revenues	17,679
<b>OPERATING EXPENSES</b>	
General and Operating Expenses	18,965
Depreciation	2,310
Total Operating Expenses	21,275
Operating Income (Loss)	(3,596)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and Investment Revenue	894
Total Non-Operating Revenue (Expenses)	894
Change in Net Assets	(2,702)
Total Net Assets - Beginning	253,142
Total Net Assets - Ending	\$ 250,440

See accompanying notes to the financial statements.

**Town of Verona**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended December 31, 2010**

	<b>Sanitary District #1</b>
Cash Flows From:	
Operating Activities:	
Receipts from customers and users	\$ 17,622
Payments to other funds	675
Payments to suppliers	(20,136)
Net cash - operating activities	(1,839)
Investing Activities:	
Interest received	894
Net cash - investing and non-capital financing activities	894
Net change in cash and cash equivalents	(945)
Cash and cash equivalents-Beginning of year	142,008
Cash and cash equivalents-End of year	\$ 141,063
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating Income (loss)	\$ (3,596)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	2,310
Changes in assets and liabilities:	
Accounts receivable	(57)
Accounts payable	277
Due to other funds	(773)
Net cash provided (used) by operating activities	\$ (1,839)
Reconciliation of cash and cash equivalents to the statement of net assets - Proprietary funds	
Cash and investments - statement of net assets	\$ 7,867
Restricted cash and investments - statements of net assets	133,196
Cash and Cash equivalents	\$ 141,063

See accompanying notes to the basic financial statements.

**Town of Verona  
Statement of Net Assets  
Fiduciary Fund  
December 31, 2010**

	<u>Tax Agency</u>
<b>ASSETS</b>	
Cash and Investments	\$ 2,613,611
Property Taxes Receivable	<u>2,299,957</u>
Total Assets	<u><u>\$ 4,913,568</u></u>
<b>LIABILITIES</b>	
Due to Other Governments	<u>\$ 4,913,568</u>
Total Liabilities	<u><u>\$ 4,913,568</u></u>

See accompanying notes to the basic financial statements.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying summary of the Town of Verona's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be reviewed as an integral part of the accompanying financial statements. The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to municipalities. A summary of the significant accounting policies follows:

**REPORTING ENTITY**

This report includes all of the funds of the Town of Verona. The reporting entity for the Town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

The Town of Verona is a municipal corporation governed by an elected five-member board. The Town has no component units which must be included in the reporting entity because of the significance of their operational or financial relationships with the Town.

"Government-wide" financial statements are basic financial statements required for all governmental units. The statement of net assets and the statement of activities are the two required statements. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the Town used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the standard concentrates on major funds versus non-major funds.

**Government-Wide Financial Statements**

The statement of net assets 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.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-Wide Financial Statements (Continued)**

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 Town 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 instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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 and enterprise funds are reported as separate columns in the fund financial statements.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into individual 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, liabilities, net assets/fund equity, revenues, and expenditures/expenses.

In addition, all funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Funds are reported as major funds or non-major 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 Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements, continued**

The Town reports the following major governmental funds:

General Fund – accounts for the Town’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the following major enterprise fund:

Sanitary District No.1 Fund – accounts for operations of the sanitary sewer system.

The Town reports the following non-major governmental funds:

Capital Projects –accounts for proceeds from long-term borrowings and other resources to be used for capital improvement projects.

Building Fund  
Capital Reserve

In addition, the Town reports the following fund type:

Agency funds are used to account for assets held by the town in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Agency

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**Government-Wide Financial Statements**

The government-wide statement of net assets 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 revenue. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

**Government-Wide Financial Statements (Continued)**

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**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. "Measurable" means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. Property taxes are levied in November on the assessed value as of the prior January 1. In addition to property taxes for the Town, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as due to other taxing units on the accompanying agency fund statement of net assets.

Property tax calendar – 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due to County	July 31, 2011
Personal property taxes in full	January 31, 2011
Tax deed by County - 2010	
delinquent real estate taxes	October 2013

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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- 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**
- B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

**Fund Financial Statements (Continued)**

Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled to the resources and the amounts are available. Amounts owed to the Town, which are not available, are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held for collection by the county are reported as receivables and reserved fund balance in the general fund.

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.

The Town reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are user charges for sales and services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. 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. B.

The Town adopted annual Governmental Fund budgets for the General Fund. The budget is adopted in accordance with State Statutes and is presented in accordance with accounting principles generally accepted in the United States of America. The budgetary data presented in the Budgetary Comparison Schedules reflects the original approved budgets of the general fund and subsequent revisions authorized by the Town's Board. Changes to the overall budget must be approved by a two-thirds town board action. All annual appropriations lapse at year end. Budget control is exercised at the total fund level for all funds.

**D. CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Town considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2010 all investments held by the enterprise funds were cash equivalents.

**E. RECEIVABLES**

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

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 assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**F. INVENTORIES AND PREPAID ITEMS**

Inventories of materials and supplies are not recognized when amount is not considered material.

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.

**G. 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 assets.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. CAPITAL ASSETS**

**Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. Interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charge to accumulated depreciation.

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

Buildings	20-60 Years
Machinery and Equipment	5-50 Years
Utility System	33-100 Years
Infrastructure	50-75 Years

**Fund Financial Statements**

In the fund financial statements, fixed 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.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. 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 resignation and retirements, and are payable with expendable resources.

The Town provides post-employment health insurance for one former employee who converted accumulated sick leave benefits to post-employment health insurance. Employees may convert 100% of sick leave to pay for health care premiums. The cost is recognized as an expenditure as the premiums are paid. The entire cost is paid by the Town. Total expenditures for premiums during the year were \$6,097. The total amount outstanding at year end to be paid in the future is \$1,798 and is included in the government-wide statement of net assets.

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, 2010, are determined on the basis of current salary rates and include salary related payments.

**J. LONG-TERM OBLIGATIONS**

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and contracts 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) is reported as other financing sources and payments of principal and interest are reported as expenditures.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

**K. CLAIMS AND JUDGMENTS**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. EQUITY CLASSIFICATIONS**

**Government-Wide Statements**

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

- a) Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by the governing body or specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation.

**M. LIMITATIONS ON THE TOWN’S TAX LEVY**

As part of Wisconsin’s Act 28 (2008), legislation was passed that limits the town’s future tax levies. Generally the town is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the town’s equalized value due to new construction of 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

**2. DEPOSITS AND INVESTMENTS**

Investment of Town funds is restricted by State statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Board, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

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

	Carrying Value	Bank Balance	Associated Risk
Deposits	\$ 4,192,366	\$ 4,160,821	Custodial credit risk
LGIP	2,298	2,298	Credit risk, interest rate risk
Total Cash and Investments	<u>\$ 4,194,664</u>	<u>\$ 4,163,119</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 1,447,857		
Restricted cash and investments	133,196		
Per statement of net assets -			
Fiduciary Funds			
Agency	2,613,611		
Total Cash and Investments	<u>\$ 4,194,664</u>		

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**2. DEPOSITS AND INVESTMENTS (Continued)**

Foreign Currency Risk

The Town did not invest in any foreign currency during the year.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has no investment policy that would further limit its investments choices.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Board would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Town would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Board does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. Additionally, the FDIC offered a transaction account guarantee (TAG) which included unlimited insurance on all account balances in non-interest bearing accounts. This coverage expired on December 31, 2010. Bank accounts and the Local Government Investment Pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

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. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2010, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount reported in these statements.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

**2. DEPOSITS AND INVESTMENTS (Continued)**

As of December 31, 2010, the Town had no deposits with financial institutions in excess of federal depository insurance limits and state deposit guarantees.

Concentration of Credit Risk

The Town does not have a policy for concentration of credit risk. No Town investment represents 5% or more of the total investments.

As of December 31, 2010, the town's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
External investment pools	\$ <u>2,298</u>	73

**3. RESTRICTED ASSETS**

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

Following is a list of restricted assets at December 31, 2010:

Equipment replacement account	<u>\$133,196</u>
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**4. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *deferred 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 *deferred revenue* and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 1,103,021	\$ 1,103,021
Future annexation revenue	<u>45,630</u>	<u>-</u>	<u>45,630</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 45,630</u>	<u>\$ 1,103,021</u>	<u>\$ 1,148,651</u>

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

**5. CAPITAL ASSETS**

**Governmental Activities**

Capital assets transactions for the year ended December 31, 2010 are summarized below:

<u>Governmental Activities</u>	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Capital Assets not Being Depreciated				
Land – non-depreciable	\$ 30,290	\$ -	\$ -	\$ 30,290
Capital Assets Being Depreciated				
Buildings	75,829	-	-	75,829
Machinery and Equipment	485,512	-	37,500	448,012
Roads	1,874,548	112,238	-	1,986,786
Storm Sewers	339,148	-	-	339,148
Bridges	225,278	-	-	225,278
Total Capital Assets	<u>\$3,030,605</u>	<u>\$ 112,238</u>	<u>\$ 37,500</u>	<u>\$3,105,343</u>
Less: Accumulated Depreciation				
Buildings	\$ (47,286)	\$ (1,864)	\$ -	\$ (49,150)
Machinery and Equipment	(262,080)	(36,916)	(37,500)	(261,496)
Roads	(149,777)	(38,613)	-	(188,390)
Storm Sewers	(20,222)	(6,784)	-	(27,006)
Bridges	(4,506)	(4,506)	-	(9,012)
Total Accumulated Depreciation	<u>(483,871)</u>	<u>(88,683)</u>	<u>(37,500)</u>	<u>(535,054)</u>
Total Governmental Capital Assets Net of Depreciation	<u>\$2,546,734</u>	<u>\$ 23,555</u>	<u>\$ -</u>	<u>\$2,570,289</u>

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 945
Public works	<u>87,738</u>
Total governmental activities depreciation expense	<u>\$ 88,683</u>

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**5. CAPITAL ASSETS (Continued)**

**Business- Type Activities**

Capital assets transactions for the year ended December 31, 2010 are summarized below:

<u>Business- Type Activities</u>	<u>Balance 1/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2010</u>
Total Capital Assets Being Depreciated				
Infrastructure	\$ 177,679	\$ -	\$ -	\$ 177,679
Total Capital Assets Being Depreciated	<u>\$ 177,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,679</u>
Less: Accumulated Depreciation				
Infrastructure	\$ (65,855)	\$ (2,310)	\$ -	\$ (68,165)
Total Accumulated Depreciation	<u>(65,855)</u>	<u>(2,310)</u>	<u>-</u>	<u>(68,165)</u>
Total Business-Type Capital Assets Net of Depreciation	<u>\$ 111,824</u>	<u>\$ (2,310)</u>	<u>\$ -</u>	<u>\$ 109,514</u>

Depreciation expense was charged to functions as follows:

**Business Activities**

Sanitary District #1	<u>\$ 2,310</u>
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**6. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS**

**Interfunds Receivables / Payables**

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sanitary District No. 1	General Fund	<u>\$ 2,221</u>

All amounts are due within one year.

The principal purpose of this interfund is to record amounts owed from the tax roll.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**6. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (Continued)**

**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>
Capital Reserve	General	\$ 20,000	Future capital project funding
Building	General	<u>123,000</u>	Future capital project funding
Total – Fund Financial Statements		143,000	
Less: Fund eliminations		<u>(143,000)</u>	
Total Transfers – Government-Wide Statement of activities		<u>\$ -</u>	

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

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

**7. LONG-TERM OBLIGATIONS**

The long-term obligations activity for the year ended December 31, 2010 is summarized below:

	Balance			Balance	Amounts
	12/31/2009	Increase	Decrease	12/31/2010	Due Within
					One Year
Governmental Activities					
Vested Compensated Absences	\$ 23,057	\$ 8,495	\$ 4,964	\$ 26,588	\$ -
Vested Compensated Absences - Retirees	7,895	-	6,097	1,798	1,798
Total - Governmental Activities	<u>\$ 30,952</u>	<u>\$ 8,495</u>	<u>\$ 11,061</u>	<u>\$ 28,386</u>	<u>\$ 1,798</u>

The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**8. DEFINED BENEFIT PENSION PLAN**

All eligible Town of Verona employees participate in the Wisconsin Retirement System (“WRS”), a cost-sharing multiple-employer public employee retirement system (“PERS”). All permanent employees expected to work over 600 hours a year are eligible to participate in the WRS. Covered employees in the general category are required by statute to contribute 5.0% of their salary (3.2% for executives and elected officials, 5.5% for protective occupations with social security) to the plan. Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for employees covered by the WRS the year ended December 31, 2010 was \$206,455; the employer’s total payroll was \$250,392. The total required contribution paid entirely by the employer for the year ended December 31, 2010 was \$22,685. Total contributions for the years ended December 31, 2009 and 2008 were \$20,706 and \$21,126 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective employees) are entitled to receive retirement benefits. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final Average Earnings is the average of the employee’s three highest year’s earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation after January 1, 1990, 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 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The WRS issues an annual financial report, which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**9. NET ASSETS / FUND BALANCES**

Net assets reported on the government-wide statement of net assets for Governmental activities at December 31, 2010, include the following:

**Governmental Activities**

Land	\$	30,290
Other capital assets net of depreciation		2,428,883
Total Invested in Capital Assets		2,459,173
Unrestricted		1,565,984
Total Governmental Activities Net Assets	\$	4,025,157

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**9. NET ASSETS / FUND BALANCES (Continued)**

Governmental fund balances reported on the fund financial statements at December 31, 2010, includes the following:

**Designated Fund Balance**

**General Fund**

Budget carryovers	\$ 30,174
Total General Fund	30,174

<b><u>Building - Capital Projects</u></b>	310,643
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<b><u>Capital Reserve - Capital Projects</u></b>	132,617
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Total Reserved Fund Balance	\$ 473,434
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**Reserved Fund Balance**

**General Fund**

Delinquent special assessments	\$ 4,622
Prepaid items	8,616

Total Reserved Fund Balance	\$ 13,238
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Net assets reported on the government-wide statement of net assets for Business-Type activities at December 31, 2010, include the following:

**Business-type Activities**

Capital Assets net of depreciation	\$ 109,514
Total Invested in Capital Assets	109,514

Restricted

Equipment replacement	133,196
Total Restricted	133,196

Unrestricted

	7,730
Total Business-Type Activities Net Assets	\$ 250,440

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**10. JOINT VENTURE**

Fitchrona EMS District

The Town of Verona and the Cities of Fitchburg and Verona jointly operate the local EMS District, which is called the Fitchrona EMS District.

The district adopts its own budget. Net operating costs including debt service are shared by the three communities based on the ratio of equalized values. The department is governed by the Fitchrona EMS Commission. The board consists of the citizens from each community. Town of Verona representatives are appointed by the town chair. The town made a payment to the district in 2010 of \$69,216. The town believes that the district will continue to provide services in the future at similar rates.

The town's equity interest in the EMS District is equal to its percentage share of participation. The equity interest is reported in the governmental activities column of the government-wide statement of net assets. Changes in the equity interest are reported on the statement of activities.

Verona Fire District

The Town of Verona, Town of Springdale, and the City of Verona jointly operate the local fire district which is called the Verona Fire District. The district adopts its own budget. Net operating costs including debt service are shared by the two communities based on the ratio of equalized values. The department is governed by the Verona Fire Commission. The board consists of citizens from each community. Town of Verona residents are appointed by the town chair and are approved by the town board. The town made a payment to the district in 2010 of \$104,079. Financial information of the district as of December 31, 2010 is available directly from the district's office.

The town's equity interest in the fire district's capital assets is 47% of the land and fire station and its percentage share of participation for the remainder of the capital assets. The equity interest is reported in the governmental activities column of the government-wide statement of net assets. Changes in the equity interest are reported on the statement of activities.

**11. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Town purchases commercial insurance. There has been no reduction in insurance coverage from the coverage in the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

**12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2010, some expenditures exceeded budget. Revenues and other financing sources were available to fund the excess. The Town controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of these items can be found in the Town's year-end budget to actual report.

**TOWN OF VERONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

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**13. CONTINGENCIES AND COMMITMENTS**

Town is involved in several legal actions and claims, most of which normally occur in governmental operations. These actions and claims are being defended by the Town's various insurance carriers, since claims brought against the Town are generally covered by insurance policies. In the opinion of Town management, these actions, claims and any other proceedings known to exist at December 31, 2010, are not likely to have a material adverse impact on the Town's financial position.

**14. NEW REPORTING REQUIREMENT**

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" effective for periods beginning after June 15, 2010. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and disclosures from what governments have reported in the past. Comparability with reports issued in all prior years will be affected. The Town has not yet determined the effect that adoption of GASB Statement 54 will have on the financial statements.

**15. SUBSEQUENT EVENTS**

Subsequent to year end the Town paid the Verona Fire District \$39,700 for the Town's portion of a new fire truck. This is a 2011 budget item.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**Required Supplementary Information**

**Town of Verona  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with Variances) - General Fund  
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 970,065	\$ 970,065	\$ 966,540	\$ (3,525)
Other taxes	1,115	1,115	3,303	2,188
Intergovernmental	253,600	258,547	243,128	(15,419)
Licenses and permits	11,905	18,055	28,689	10,634
Charges for services	109,885	109,885	118,050	8,165
Interest	15,120	15,120	14,523	(597)
Miscellaneous	6,000	6,000	9,267	3,267
<b>Total Revenues</b>	<u>1,367,690</u>	<u>1,378,787</u>	<u>1,383,500</u>	<u>4,713</u>
<b>Expenditures:</b>				
<b>Current</b>				
General government	673,252	365,752	327,815	37,937
Public safety	207,091	219,091	207,988	11,103
Public works	467,347	453,347	463,719	(10,372)
Culture, Recreation and education	6,000	4,000	4,726	(726)
Conservation and development	12,000	12,000	3,950	8,050
Capital outlay	180,599	176,653	159,194	17,459
<b>Total Expenditures</b>	<u>1,546,289</u>	<u>1,230,843</u>	<u>1,167,392</u>	<u>63,451</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	<u>(178,599)</u>	<u>147,944</u>	<u>216,108</u>	<u>68,164</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	222,580	-	-	-
Transfers out	(45,000)	(143,000)	(143,000)	-
<b>Net change in fund balances</b>	<u>(1,019)</u>	<u>4,944</u>	<u>73,108</u>	<u>68,164</u>
Fund balance-Beginning of year	866,996	866,996	866,996	-
Fund balance-End of year	<u>\$ 865,977</u>	<u>\$ 871,940</u>	<u>\$ 940,104</u>	<u>\$ 68,164</u>

**OTHER SUPPLEMENTARY INFORMATION**

**Other Supplementary Information**

**Town of Verona  
Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2010**

	<u>CAPITAL PROJECTS FUNDS</u>		<u>Total Non- Major Governmental Funds</u>
	<u>Building</u>	<u>Capital Reserve</u>	
<b>ASSETS</b>			
Cash and Investments	\$ 310,643	\$ 132,617	\$ 443,260
Total Assets	\$ 310,643	\$ 132,617	\$ 443,260
<b>FUND BALANCES</b>			
Designated	\$ 310,643	\$ 132,617	\$ 443,260
Total Fund Balances	310,643	132,617	443,260
Total Liabilities and Fund Balances	\$ 310,643	\$ 132,617	\$ 443,260

**Other Supplementary Information**

**Town of Verona  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended December 31, 2010**

	<u>CAPITAL PROJECTS FUNDS</u>		Total Nonmajor Governmental Funds
	<u>Building</u>	<u>Capital Reserve</u>	
<b>REVENUES</b>			
Interest Income	\$ 1,030	\$ 271	\$ 1,301
Total Revenues	<u>1,030</u>	<u>271</u>	<u>1,301</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,030</u>	<u>271</u>	<u>1,301</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>123,000</u>	<u>20,000</u>	<u>143,000</u>
Total Other Financing Sources and Uses	<u>123,000</u>	<u>20,000</u>	<u>143,000</u>
Net Change in Fund Balances	124,030	20,271	144,301
Fund Balances - Beginning	186,613	112,346	298,959
Fund Balances - Ending	<u>\$ 310,643</u>	<u>\$ 132,617</u>	<u>\$ 443,260</u>