

**CITY OF HUDSON, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2019**



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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

The City Council  
City of Hudson  
Hudson, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin (City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin as of December 31, 2019, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

#### ***Change in Accounting Principle***

During the year ended December 31, 2019, the City adopted GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*. The implementation of GASB Statement No. 84 resulted in the addition of a Statement of Changes in Fiduciary Net Position related to the tax Custodial Fund activity. Our auditors' opinion was not modified with respect to the implementation of these standards.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Wisconsin Retirement System pension plan schedules, and other postemployment benefits schedules, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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.

#### ***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 as a whole. The combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The City Council  
The City of Hudson

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2018 which are not presented with the accompanying financial statements. In our report dated September 25, 2019, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The 2018 individual fund statements are presented for purposes of additional analysis and are not a required part of the 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2018 individual fund statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.



**CliftonLarsonAllen LLP**

Hudson, Wisconsin  
September 14, 2020

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

As management of the City of Hudson, Wisconsin (City), we offer the readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the year ended December 31, 2019. Please consider this information in conjunction with the City's financial statements, which begin on page 18 following this narrative.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended December 31, 2019 include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$91,300,066 (*net position*). Of this amount, \$64,967,467 represented the City's net investment in capital assets, \$6,679,750 was held for restricted purposes, and \$19,652,849 was unrestricted. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position decreased \$719,286. Net position related to the business-type activities of the City increased \$989,390, while net position related to governmental activities decreased \$1,708,676.
- At the end of 2019, the City's governmental funds reported combined ending fund balances of \$15,575,886, an increase of \$1,807,685 from the previous year. This increase was largely attributable to unspent debt proceeds in the capital projects fund at the end of the current year that will be spent next year.
- During the year, the general fund balance decreased \$1,281,513. At the end of 2019, the unassigned general fund balance totaled \$4,949,791 or 50.4% of the general fund expenditures. The City has assigned \$535,866 of its general fund balance, which together with the year-end unassigned balance, represented 55.8% of general fund expenditures.
- The City's outstanding long-term debt and other long-term obligations increased \$6,308,157 during the current fiscal year. The City issued \$8,160,000 of general obligation debt and \$56,386 of water utility mortgage revenue bonds during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish those functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and service charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and social services, culture, recreation and education, and conservation and development. The business-type activities of the City include a water utility, a sewage treatment utility, parking facilities and ambulance services.

The government-wide financial statements include not only the City of Hudson itself (known as the primary government), but also the legally separate Hudson Area Joint Library, the Joint City of Hudson - Village of North Hudson Community Access Board, and the St Croix Business Park for which the City of Hudson is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 18 of this report.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

The City reports fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, impact fees fund, debt service fund and capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section.

The basic governmental fund financial statements can be found beginning on page 21 of this report.

**Proprietary funds.** Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water utility, sewer utility, parking utility and ambulance service.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, which are all considered to be major funds of the City.

The basic proprietary fund financial statements can be found on page 26 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page 31 of this report.

**Notes to the Financial Statements**

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 33 of this report.

**Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the City's operating budget. Required supplementary information can be found beginning on page 75 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the nonmajor governmental funds and individual fund statements for selected funds. This supplementary information section of the report begins on page 82.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$91,300,066 at the close of 2019. The largest portion of this net position (71%) reflects the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, plant in service and construction in progress, net of related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of the City's statement of net position:

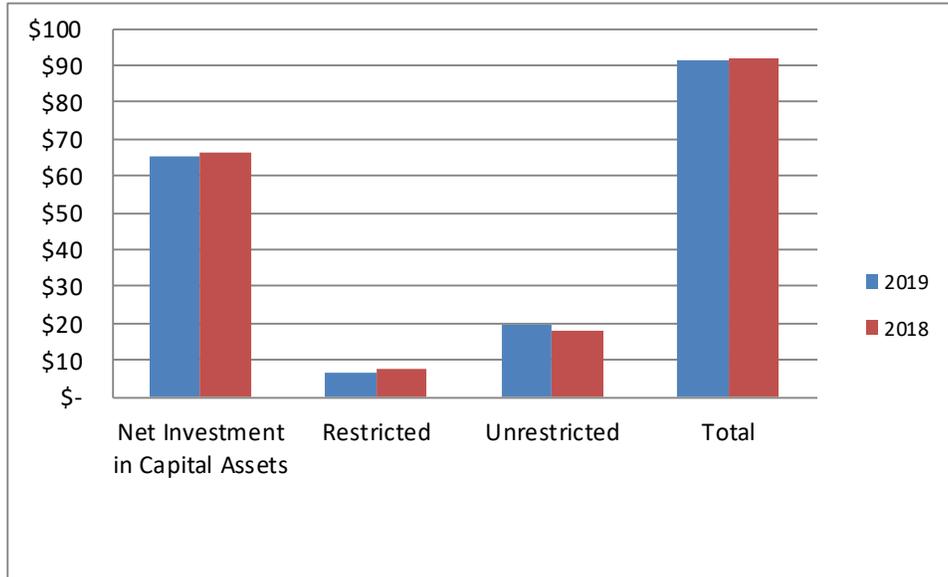
**Condensed Statement of Net Position  
December 31, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 27,961,481	\$ 25,692,411	\$ 14,973,422	\$ 15,554,745	\$ 42,934,903	\$ 41,247,156
Capital Assets	52,757,053	49,023,200	34,685,816	33,254,876	87,442,869	82,278,076
Internal Balances	-	23,811	-	(23,811)	-	-
Total Assets	<u>80,718,534</u>	<u>74,739,422</u>	<u>49,659,238</u>	<u>48,785,810</u>	<u>130,377,772</u>	<u>123,525,232</u>
Deferred Outflows of Resources	<u>3,714,921</u>	<u>1,806,818</u>	<u>611,189</u>	<u>543,600</u>	<u>4,326,110</u>	<u>2,350,418</u>
Long-Term Debt Outstanding	22,352,916	15,990,355	2,525,647	2,595,762	24,878,563	18,586,117
Other Long-Term Obligations	514,032	506,528	-	-	514,032	506,528
Other Liabilities	5,105,179	2,707,401	1,132,157	884,605	6,237,336	3,592,006
Total Liabilities	<u>27,972,127</u>	<u>19,204,284</u>	<u>3,657,804</u>	<u>3,480,367</u>	<u>31,629,931</u>	<u>22,684,651</u>
Deferred Inflows of Resources	<u>11,449,563</u>	<u>10,621,515</u>	<u>324,322</u>	<u>550,132</u>	<u>11,773,885</u>	<u>11,171,647</u>
Net Position:						
Net Investment in						
Capital Assets	32,721,670	34,686,840	32,245,797	31,631,375	64,967,467	66,318,215
Restricted	4,027,628	4,774,604	2,652,122	2,883,998	6,679,750	7,658,602
Unrestricted	8,262,467	7,258,997	11,390,382	10,783,538	19,652,849	18,042,535
Total Net Position	<u>\$ 45,011,765</u>	<u>\$ 46,720,441</u>	<u>\$ 46,288,301</u>	<u>\$ 45,298,911</u>	<u>\$ 91,300,066</u>	<u>\$ 92,019,352</u>

An additional portion of the City's net position (7%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$19,652,849 of total net position (22%) may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note that \$11,390,382 of the unrestricted net position is related to the City's business-type activities. Consequently, they generally may not be available to fund governmental activities.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

The following chart shows the comparison of the three components of net position for the years 2019 and 2018 (in millions):



**Governmental Activities.** The following condensed statement of changes in net position of the City's governmental activities for the year ended December 31, 2019, shows total net position decreased \$1,708,676 (-3.8%) from the prior year. The primary reason is due to the City budgeting a deficit for the year, which included a \$1,500,000 use of funds for the construction of a new fire station.

**Business-type Activities.** The following condensed statement of changes in net position of the City's business-type activities for the year ended December 31, 2019, shows total net position increased \$989,390 (2.1%) from the prior year. The key reason for this increase is due to increased user rates implemented in the current year.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

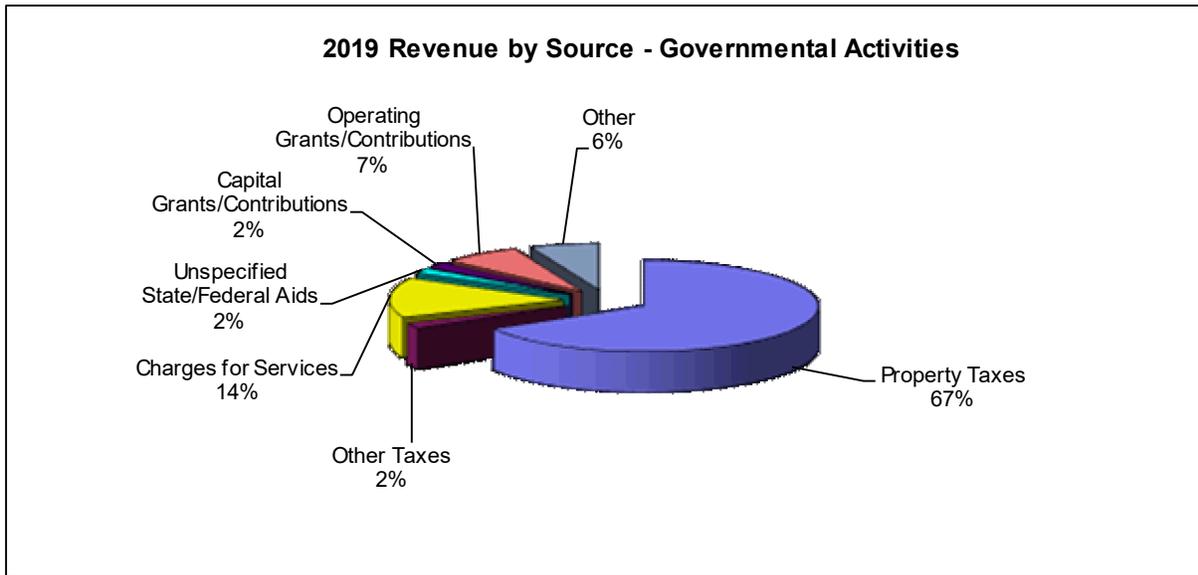
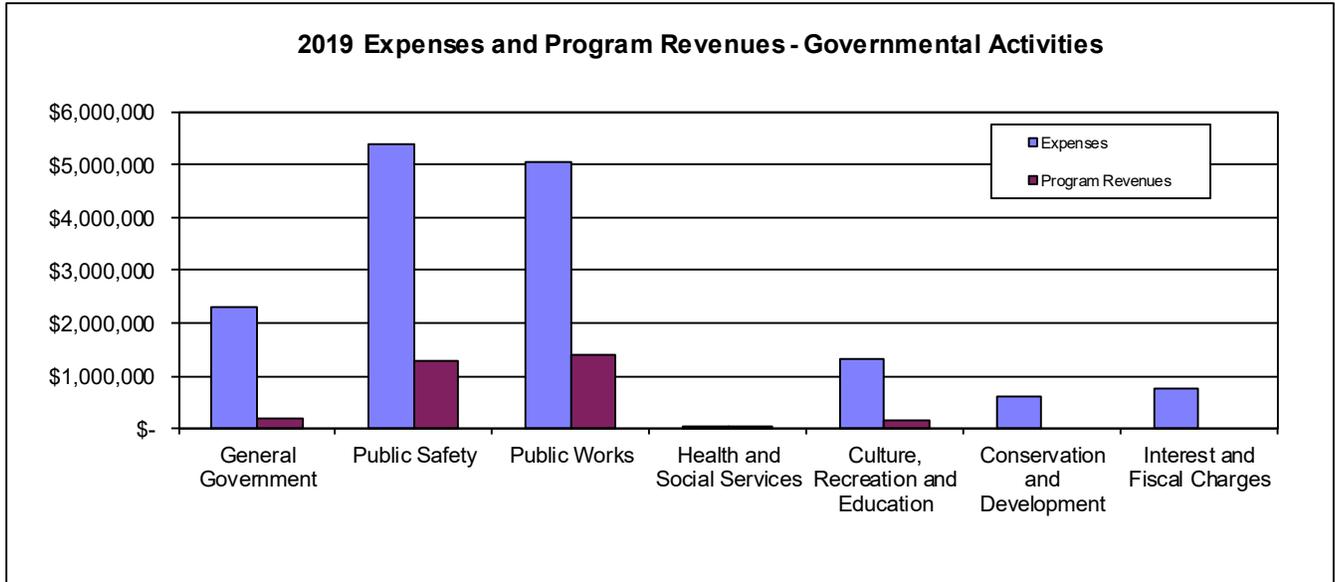
The following is a summary of the changes in the City's net position for the years ended December 31, 2019 and 2018:

**Condensed Statement of Changes in Net Position  
December 31, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,876,252	\$ 1,665,135	\$ 6,502,186	\$ 7,346,239	\$ 8,378,438	\$ 9,011,374
Operating Grants and Contributions	937,271	1,460,015	-	13,212	937,271	1,473,227
Capital Grants and Contributions	257,184	241,393	1,821,660	414,058	2,078,844	655,451
General Revenues:						
Property Taxes	8,783,932	8,507,747	-	-	8,783,932	8,507,747
Other Taxes	275,054	296,122	-	-	275,054	296,122
State and Federal Aids not Restricted to Specific Programs	228,102	253,481	-	-	228,102	253,481
Other	828,594	638,883	212,913	226,564	1,041,507	865,447
Total Revenues	<u>13,186,389</u>	<u>13,062,776</u>	<u>8,536,759</u>	<u>8,000,073</u>	<u>21,723,148</u>	<u>21,062,849</u>
<b>Expenses:</b>						
General Government	2,301,530	1,948,870	-	-	2,301,530	1,948,870
Public Safety	5,365,790	5,183,484	-	-	5,365,790	5,183,484
Public Works	5,033,409	3,908,632	-	-	5,033,409	3,908,632
Health and Social Services	14,905	16,231	-	-	14,905	16,231
Culture, Recreation, and Education	1,339,746	1,562,075	-	-	1,339,746	1,562,075
Conservation and Development	620,317	1,198,942	-	-	620,317	1,198,942
Interest and Fiscal Charges	760,455	396,738	-	-	760,455	396,738
Water	-	-	3,171,874	2,923,157	3,171,874	2,923,157
Sewage Treatment	-	-	2,419,370	2,260,916	2,419,370	2,260,916
Parking Facility	-	-	202,094	189,239	202,094	189,239
Ambulance Services	-	-	1,212,944	1,372,192	1,212,944	1,372,192
Total Expenses	<u>15,436,152</u>	<u>14,214,972</u>	<u>7,006,282</u>	<u>6,745,504</u>	<u>22,442,434</u>	<u>20,960,476</u>
Change in Net Position before Transfers	(2,249,763)	(1,152,196)	1,530,477	1,254,569	(719,286)	102,373
Transfers	<u>541,087</u>	<u>567,416</u>	<u>(541,087)</u>	<u>(567,416)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(1,708,676)	(584,780)	989,390	687,153	(719,286)	102,373
Net Position - Beginning of Year	46,720,441	47,305,221	45,298,911	44,611,758	92,019,352	91,916,979
Net Position - End of Year	<u>\$ 45,011,765</u>	<u>\$ 46,720,441</u>	<u>\$ 46,288,301</u>	<u>\$ 45,298,911</u>	<u>\$ 91,300,066</u>	<u>\$ 92,019,352</u>

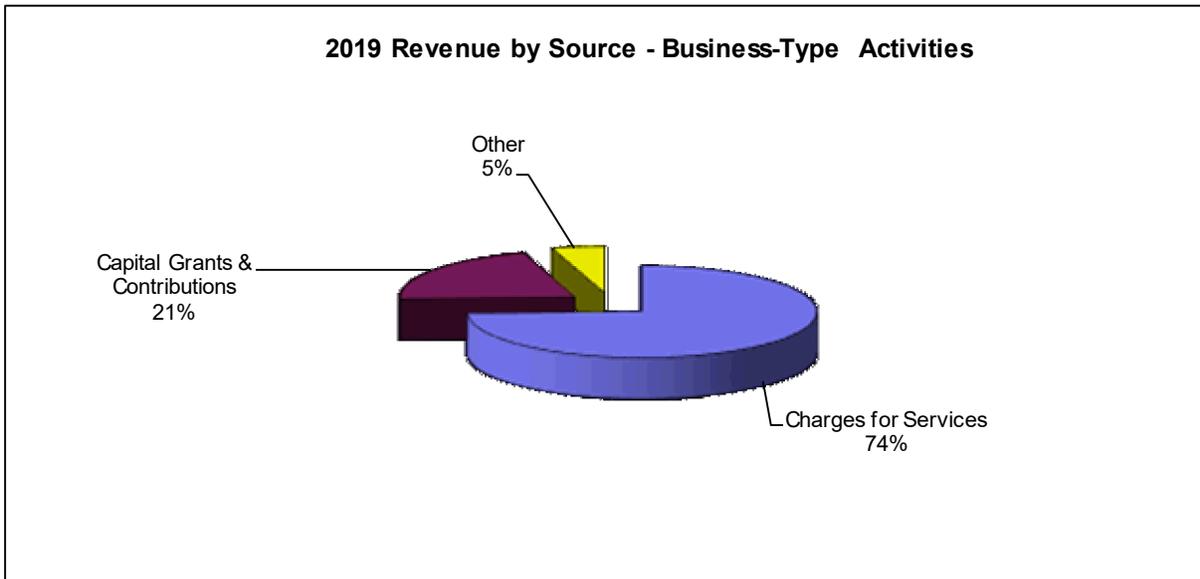
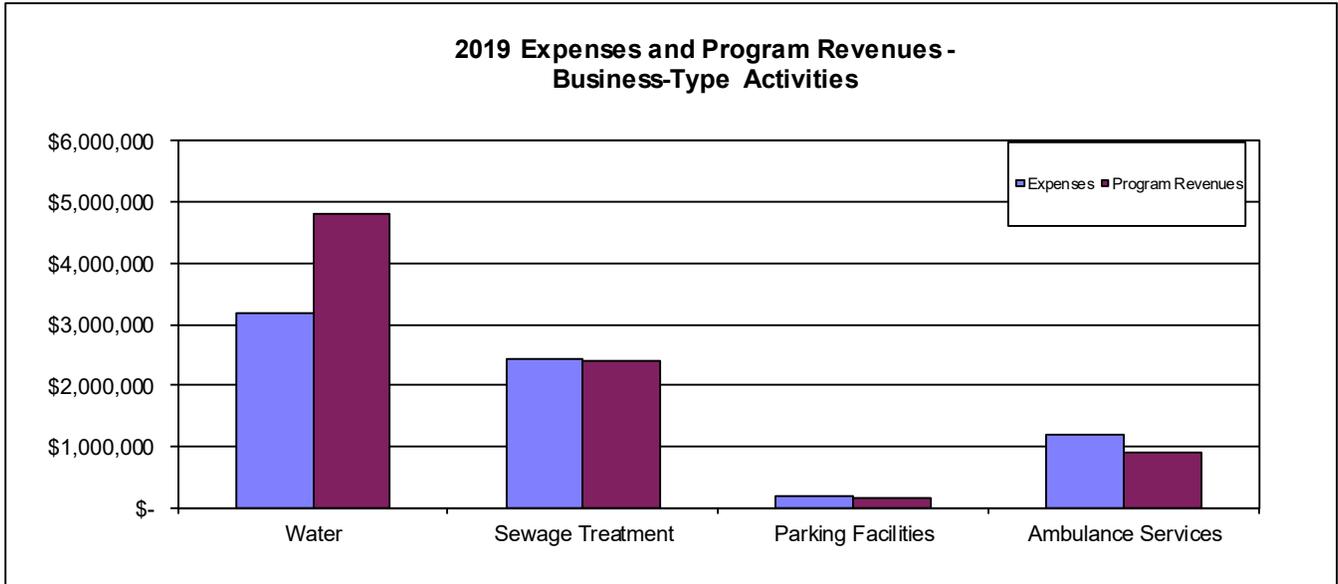
A review of the statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The following charts draw data from the statement of activities.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**



As shown above, the City is highly dependent on property taxes (67%) as its principal source of revenues for governmental activities. Program revenues represent 23% of governmental activities revenue.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**



In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (74%) replace property taxes as the primary revenue. Grants and contributions consist primarily of impact fees collected for the water utility and hook-up fees for sewer services.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows and balances of spendable resources. Such information can be useful in assessing the City's financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2019, the City's governmental funds reported combined ending fund balances of \$15,575,886, an increase of \$1,807,685 from the previous year, which is primarily a result of unspent debt proceeds in the capital projects fund at the end of the year that will be spent next year. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/2019					Total	Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds:							
General Fund	\$ 47,680	\$ -	\$ -	\$ 535,866	\$ 4,949,791	\$ 5,533,337	\$ (1,281,513)
Impact Fees Fund	-	1,538,203	-	-	-	1,538,203	86,499
Debt Service Fund	-	260,153	-	-	-	260,153	180,712
Capital Projects Fund	-	2,498,305	2,943,445	-	-	5,441,750	2,711,201
Nonmajor Funds:							
Room Tax Fund	-	-	127,421	-	-	127,421	(7,571)
Sewer Collection System Replacement Fund	-	-	1,094,431	-	-	1,094,431	17,919
Parks Dedication Fees Fund	-	691,039	-	-	-	691,039	75,941
Police Donations Fund	-	36,515	-	-	-	36,515	14,594
Police Drug Forfeitures Fund	-	1,361	-	-	-	1,361	41
Business Park Revolving Loan Fund	-	579,177	-	-	-	579,177	17,450
Storm Water MS-4 Fund	-	159,197	-	-	-	159,197	2,935
Storm Water Fund	-	362,518	-	-	-	362,518	140,662
Tax Incremental District #5 Fund	-	-	-	-	(65,324)	(65,324)	(7,369)
Tax Incremental District #6 Fund	-	-	-	-	(183,892)	(183,892)	(143,816)
	<u>\$ 47,680</u>	<u>\$ 6,126,468</u>	<u>\$ 4,165,297</u>	<u>\$ 535,866</u>	<u>\$ 4,700,575</u>	<u>\$ 15,575,886</u>	<u>\$ 1,807,685</u>

The general fund is the primary operating fund used to account for the governmental operations of the City. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to measures of operating volume such as fund expenditures or fund revenues. The total year-end general fund balance represented 56.3% of total general fund expenditures reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance represented 50.4% of the same amount. The City has assigned \$535,866 of its general fund balance which combined with the year-end unassigned balance of \$4,949,791, represented 55.8% of that same amount.

The general fund's total fund balance decreased \$1,281,513 during the year, which is primarily due to the City budgeting a deficit for the year, which included a \$1,500,000 use of funds for the construction of a new fire station.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

The impact fees fund, a special revenue fund, had a balance of \$1,538,203 at December 31, 2019. This balance consists of the unexpended balances of various types of impact fees collected by the City to be used for specified purposes by a specified period of time. Wisconsin Statutes §66.0617(9) place deadlines on the expenditure of impact fees and require the refunding (with interest) of impact fees not expended within the 10 year time limit. In 2019, the City did not refund any impact fees during the year.

The debt service fund had a fund balance of \$260,153 at December 31, 2019. This is an increase of \$180,712.

The capital projects fund is used by the City on an ongoing basis to account for various governmental capital outlay projects primarily financed from proceeds of long-term debt. The balance in this fund at December 31, 2019, was \$5,441,750.

The aggregated other governmental funds column includes various special revenue and Tax Incremental District (TID) capital projects funds used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes. The accumulated fund balances of these funds increased \$110,786 during 2019. Transactions of these funds are further detailed in the supplementary information section of this report.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in greater detail. As shown below, the net position of the enterprise-type proprietary funds at the end of 2019 totaled \$46,288,301, up \$989,390 from the previous year, before the application of a change in accounting principle.

**Condensed Statement of Changes in Net Position for Enterprise Funds  
Years Ended December 31, 2019 and 2018**

	Water Utility		Sewer Utility		Parking Utility		Ambulance Service		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Operating Revenues	\$ 3,402,725	\$ 3,744,719	\$ 2,000,629	\$ 1,858,463	\$ 173,960	\$ 154,951	\$ 924,872	\$ 1,588,106	\$ 6,502,186	\$ 7,346,239
Operating Expenses:										
Depreciation	960,791	873,056	452,362	446,952	59,174	43,799	43,700	92,357	1,516,027	1,456,164
Other	2,161,889	2,004,002	1,967,008	1,811,981	142,920	145,440	1,168,975	1,278,552	5,440,792	5,239,975
Operating Income (Loss)	280,045	867,661	(418,741)	(400,470)	(28,134)	(34,288)	(287,803)	217,197	(454,633)	650,100
Nonoperating Revenues (Expenses)	272,207	59,621	632,727	351,763	8,943	7,511	(336,406)	17,842	577,471	436,737
Net Income (Loss) Before										
Contributions and Transfers	552,252	927,282	213,986	(48,707)	(19,191)	(26,777)	(624,209)	235,039	122,838	1,086,837
Capital Contributions	1,407,639	167,732	-	-	-	-	-	-	1,407,639	167,732
Transfers to Other Funds	(485,262)	(506,341)	(55,825)	(61,075)	-	-	-	-	(541,087)	(567,416)
Changes in Net Position	1,474,629	588,673	158,161	(109,782)	(19,191)	(26,777)	(624,209)	235,039	989,390	687,153
Net Position - Beginning	30,976,456	30,387,783	11,229,723	11,339,505	1,667,208	1,693,985	1,425,524	1,190,485	45,298,911	44,611,758
Net Position - End of Year	\$ 32,451,085	\$ 30,976,456	\$ 11,387,884	\$ 11,229,723	\$ 1,648,017	\$ 1,667,208	\$ 801,315	\$ 1,425,524	\$ 46,288,301	\$ 45,298,911

The water utility had operating income of \$280,045 in 2019. The utility also provides services to residents of the Village of North Hudson. The Utility last adjusted user rates in October 2017. Prior to that, the utility rates had not been subject to an overall adjustment since 1996.

The sewer utility incurred an operating loss of \$418,741 in 2019 and had an overall positive change in net position of \$158,161. The utility also provides services to residents of the Village of North Hudson. The City last increased user rates, effective in October 2017. Prior to that, the rates had not been adjusted since 2009.

The parking utility was established by the City to separately account for resources to be used in developing, maintaining and replacing parking lots and meters of the City.

The ambulance service fund is used to account for operations of the City's emergency medical services department (St. Croix EMS & Rescue). During September of 2019, the City discontinued ambulance service operations and sold off most of the related assets. The balances remaining will be settled in 2020.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

As shown in the *Budgetary Comparison Schedule* for the general fund (in required supplementary information), the final 2019 general fund budget was modified by the City Council. The general fund balance decreased during 2019 by \$1,281,513, which was a \$442,810 favorable variance from the final budget. The primary reason for the decrease is due to the City budgeting a deficit for the year, which included a \$1,500,000 use of funds for the construction of a new fire station. The City ended the year with a favorable variance between actual amounts and budget amounts for revenues of \$403,154 (4.4%) and a negative budget variance for expenditures of \$33,531 (-0.3%). The negative expenditure variance is due to a number of expenditure accounts being over budget, including legal costs, police costs, and street maintenance costs.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 and 2018 was as shown below:

**Capital Assets, Net of Accumulated Depreciation  
December 31, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Not Subject to Depreciation:						
Land and Land Rights	\$ 8,515,591	\$ 8,515,591	\$ 1,027,280	\$ 1,027,280	\$ 9,542,871	\$ 9,542,871
Construction Work in Progress	4,770,868	533,986	905,353	115,069	5,676,221	649,055
Subject to Depreciation:						
Buildings and Improvements	7,480,726	7,119,836	-	-	7,480,726	7,119,836
Land Improvements	2,748,020	2,748,020	-	-	2,748,020	2,748,020
Equipment and Vehicles	10,145,728	9,630,537	-	-	10,145,728	9,630,537
Infrastructure	90,883,825	89,401,571	-	-	90,883,825	89,401,571
Water System Plant	-	-	41,907,072	39,789,276	41,907,072	39,789,276
Sewage Treatment Plant	-	-	13,175,260	13,098,986	13,175,260	13,098,986
Parking Utility	-	-	1,363,515	1,058,970	1,363,515	1,058,970
Ambulance Service	-	-	-	1,143,816	-	1,143,816
Subtotal	124,544,758	117,949,541	58,378,480	56,233,397	182,923,238	174,182,938
Accumulated Depreciation	71,787,705	68,926,341	23,692,664	22,978,521	95,480,369	91,904,862
	<u>\$ 52,757,053</u>	<u>\$ 49,023,200</u>	<u>\$ 34,685,816</u>	<u>\$ 33,254,876</u>	<u>\$ 87,442,869</u>	<u>\$ 82,278,076</u>

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Capital Assets (Continued)**

The additions to the City's capital assets during 2019 can be summarized as follows: *(in thousands)*

- Utility Infrastructure \$2,152.1
- City Infrastructure (including storm water) 1,482.2
- New Fire Station (work in progress) 4,473.0

Additional information related to the City's capital assets is reported in Note 3.C following the financial statements.

**Long-Term Obligations**

At December 31, 2019, the City had outstanding \$25,307,123 of long-term debt and other long-term obligations. A summary detail of this amount, together with the percent change from the previous year, is shown below:

**Outstanding Long-Term Obligations  
December 31, 2019 and 2018**

	Governmental Activities	Business-Type Activities	Outstanding 2019	Outstanding 2018	%
					Change
Long-Term Debt:					
General Obligation Debt	\$ 21,705,000	\$ 780,000	\$ 22,485,000	\$ 16,399,100	37.1
Unamortized Debt Discount	(506)	-	(506)	(1,095)	-53.8
Unamortized Debt Premium	648,422	6,624	655,046	419,753	56.1
Water Revenue Bonds	-	1,653,551	1,653,551	1,674,680	-1.3
Subtotal	<u>22,352,916</u>	<u>2,440,175</u>	<u>24,793,091</u>	<u>18,492,438</u>	34.1
Other Long-Term Obligations:					
Estimated Employee Leave	428,560	85,472	514,032	506,528	1.5
Total	<u>\$ 22,781,476</u>	<u>\$ 2,525,647</u>	<u>\$ 25,307,123</u>	<u>\$ 18,998,966</u>	

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. The applicable debt of the City outstanding at December 31, 2019 totaled \$22,485,000, approximately 21.1% of the maximum legal limit of \$106,636,560.

The City issued \$8,160,000 of general obligation debt and \$56,386 of water system mortgage revenue bonds in 2019.

Additional information related to the City's long-term debt is reported in Note 3.E following the financial statements.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**CURRENTLY KNOWN FACTS**

Cash and debt management of the City includes prepayment and refinancing of debt to take advantage of reduced interest rates on general obligation notes and to utilize cash balances that are receiving minimal interest earnings.

The City continues to monitor and manage the budget, which has resulted in a strong fund balance position that allows the City to manage well under the present constraints imposed by the state levy limits.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Hudson's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Finance Officer, 505 Third Street, Hudson, Wisconsin 54016.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Joint Library	St Croix Business Park	Community Access Board
<b>ASSETS</b>						
Cash and Investments	\$ 17,654,089	\$ 10,747,292	\$ 28,401,381	\$ 386,445	\$ 2,566,040	\$ 1,206,806
Taxes Receivable	8,980,525	139,472	9,119,997	-	-	-
Special Assessments Receivable	38,309	-	38,309	-	-	-
Specials and Delinquents Held by County	8,248	-	8,248	-	-	-
Accounts Receivable	423,195	1,295,190	1,718,385	-	9,240	-
Due from Other Governmental Units	820,782	111,624	932,406	-	-	-
Prepayments	36,333	127	36,460	1,175	-	-
Inventories	-	27,439	27,439	-	-	-
Restricted Assets:						
Cash and Investments	-	2,652,278	2,652,278	-	-	-
Capital Assets:						
Capital Assets Not Being Depreciated	13,286,459	1,932,633	15,219,092	-	1,174,443	-
Capital Assets Being Depreciated	111,258,299	56,445,847	167,704,146	1,138,544	82,725	248,668
Accumulated Depreciation	<u>(71,787,705)</u>	<u>(23,692,664)</u>	<u>(95,480,369)</u>	<u>(376,811)</u>	<u>(50,988)</u>	<u>(145,717)</u>
Total Assets	80,718,534	49,659,238	130,377,772	1,149,353	3,781,460	1,309,757
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Wisconsin Retirement System Pension Plan Related	3,607,407	584,165	4,191,572	138,593	-	43,479
Other Postemployment Benefits Related	83,087	20,142	103,229	8,812	-	1,259
State Life Insurance Other Postemployment Benefits Related	<u>24,427</u>	<u>6,882</u>	<u>31,309</u>	<u>2,615</u>	<u>-</u>	<u>311</u>
Total Deferred Outflows of Resources	3,714,921	611,189	4,326,110	150,020	-	45,049

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2019**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Joint Library	St Croix Business Park	Community Access Board
<b>LIABILITIES</b>						
Vouchers and Accounts Payable	\$ 1,547,732	\$ 478,762	\$ 2,026,494	\$ 15,601	\$ 19,043	\$ 3,165
Construction Contracts Payable	194,530	-	194,530	-	-	-
Accrued Interest Payable	373,844	9,838	383,682	-	-	-
Payroll Withholdings	66,988	-	66,988	-	-	-
Accrued Wages	147,290	39,478	186,768	13,582	-	2,890
Due to Other Governmental Units	8,246	39,836	48,082	18	-	-
Unearned Revenues	-	-	-	-	600	-
Special Deposits	113,690	-	113,690	-	-	-
Security Deposit	-	125	125	-	-	-
Noncurrent Liabilities:						
WRS Net Pension Liability	1,321,739	214,690	1,536,429	50,802	-	15,937
Other Postemployment Benefits Liability	1,263,736	306,361	1,570,097	134,033	-	19,148
State Life Insurance Net Other Postemployment Benefits Liability	152,856	43,067	195,923	16,361	-	1,943
Amounts Due Within One Year	2,338,560	204,351	2,542,911	17,555	-	24,693
Amounts Due in More than One Year	20,442,916	2,321,296	22,764,212	-	-	-
Total Liabilities	<u>27,972,127</u>	<u>3,657,804</u>	<u>31,629,931</u>	<u>247,952</u>	<u>19,643</u>	<u>67,776</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Subsequent Year's Property Taxes	9,516,465	-	9,516,465	-	-	-
Wisconsin Retirement System Pension Plan Related	1,835,663	298,167	2,133,830	70,554	-	22,134
Other Postemployment Benefits Related	32,990	7,998	40,988	3,499	-	500
State Life Insurance Other Postemployment Benefits Related	64,445	18,157	82,602	6,898	-	819
Total Deferred Inflows of Resources	<u>11,449,563</u>	<u>324,322</u>	<u>11,773,885</u>	<u>80,951</u>	<u>-</u>	<u>23,453</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	32,721,670	32,245,797	64,967,467	744,178	1,206,180	78,258
Restricted for:						
Debt Service	659,618	-	659,618	-	-	-
Asset Replacement	-	1,922,587	1,922,587	-	-	-
Capital Projects	2,229,242	-	2,229,242	-	-	-
Economic Development Loan Programs	579,177	-	579,177	-	-	-
Other Purposes	559,591	729,535	1,289,126	226,292	2,555,637	1,185,319
Unrestricted	<u>8,262,467</u>	<u>11,390,382</u>	<u>19,652,849</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 45,011,765</u>	<u>\$ 46,288,301</u>	<u>\$ 91,300,066</u>	<u>\$ 970,470</u>	<u>\$ 3,761,817</u>	<u>\$ 1,263,577</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges	Operating	Capital	Primary Government			Component Units			
		For Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	Joint Library	St Croix Business Park	Community Access Board	
<b>Primary Government:</b>											
Governmental Activities:											
General Government	\$ 2,301,530	\$ 209,826	\$ -	\$ -	\$ (2,091,704)	\$ -	\$ (2,091,704)	\$ -	\$ -	\$ -	
Public Safety	5,365,790	1,079,783	110,686	87,129	(4,088,192)	-	(4,088,192)	-	-	-	
Public Works	5,033,409	499,036	736,028	170,055	(3,628,290)	-	(3,628,290)	-	-	-	
Health and Social Services	14,905	5,825	-	-	(9,080)	-	(9,080)	-	-	-	
Culture, Recreation and Education	1,339,746	81,782	90,557	-	(1,167,407)	-	(1,167,407)	-	-	-	
Conservation and Development	620,317	-	-	-	(620,317)	-	(620,317)	-	-	-	
Interest and Fiscal Charges	760,455	-	-	-	(760,455)	-	(760,455)	-	-	-	
Total Governmental Activities	<u>15,436,152</u>	<u>1,876,252</u>	<u>937,271</u>	<u>257,184</u>	<u>(12,365,445)</u>	<u>-</u>	<u>(12,365,445)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Business-Type Activities:											
Water	3,171,874	3,402,725	-	1,407,639	-	1,638,490	1,638,490	-	-	-	
Sewage Treatment	2,419,370	2,000,629	-	414,021	-	(4,720)	(4,720)	-	-	-	
Parking Facilities	202,094	173,960	-	-	-	(28,134)	(28,134)	-	-	-	
Ambulance Services	1,212,944	924,872	-	-	-	(288,072)	(288,072)	-	-	-	
Total Business-Type Activities	<u>7,006,282</u>	<u>6,502,186</u>	<u>-</u>	<u>1,821,660</u>	<u>-</u>	<u>1,317,564</u>	<u>1,317,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Primary Government	<u>\$ 22,442,434</u>	<u>\$ 8,378,438</u>	<u>\$ 937,271</u>	<u>\$ 2,078,844</u>	<u>(12,365,445)</u>	<u>1,317,564</u>	<u>(11,047,881)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Component Units:</b>											
Joint Library	\$ 948,250	\$ 466,055	\$ 350,217	\$ -	-	-	(131,978)	-	-	-	
St Croix Business Park	25,181	-	-	-	-	-	-	(25,181)	-	-	
Community Access Board	206,047	232,324	-	-	-	-	-	-	-	26,277	
Total Component Units	<u>\$ 1,179,478</u>	<u>\$ 698,379</u>	<u>\$ 350,217</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(131,978)</u>	<u>(25,181)</u>	<u>-</u>	<u>26,277</u>	
General Revenues:											
Taxes:											
Property Taxes, Levied for General Purposes	-	-	-	-	6,439,215	-	6,439,215	-	-	-	
Property Taxes, Levied for Debt Purposes	-	-	-	-	2,341,401	-	2,341,401	-	-	-	
Property Taxes, Levied for TID Districts	-	-	-	-	3,316	-	3,316	-	-	-	
Other Taxes	-	-	-	-	275,054	-	275,054	-	-	-	
State and Federal Aids not Restricted to Specific Functions	-	-	-	-	228,102	-	228,102	-	-	-	
Interest and Investment Earnings	-	-	-	-	464,953	416,821	881,774	16,200	37,940	33,740	
Other Interest Revenue	-	-	-	-	40,671	-	40,671	-	-	-	
Sale of Property	-	-	-	-	7,171	(203,908)	(196,737)	-	-	1,764	
Miscellaneous	-	-	-	-	315,799	-	315,799	52,156	-	-	
Transfers	-	-	-	-	541,087	(541,087)	-	-	-	-	
Total General Revenues and Transfers	-	-	-	-	<u>10,656,769</u>	<u>(328,174)</u>	<u>10,328,595</u>	<u>68,356</u>	<u>37,940</u>	<u>35,504</u>	
<b>Change in Net Position</b>	-	-	-	-	(1,708,676)	989,390	(719,286)	(63,622)	12,759	61,781	
Net Position - Beginning of Year	-	-	-	-	46,720,441	45,298,911	92,019,352	1,034,092	3,749,058	1,201,796	
<b>Net Position - End of Year</b>	-	-	-	-	<u>\$ 45,011,765</u>	<u>\$ 46,288,301</u>	<u>\$ 91,300,066</u>	<u>\$ 970,470</u>	<u>\$ 3,761,817</u>	<u>\$ 1,263,577</u>	

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
<b>ASSETS</b>						
Cash and Investments	\$ 6,454,740	\$ 1,537,126	\$ 260,153	\$ 6,472,097	\$ 2,929,973	\$ 17,654,089
Taxes Receivable	5,931,618	-	2,586,959	17,345	444,603	8,980,525
Special Assessments Receivable	-	-	-	38,309	-	38,309
Specials and Delinquents Held by County	-	-	-	8,248	-	8,248
Accounts Receivable	217,885	-	-	325	204,985	423,195
Due from Other Governments	85,782	-	735,000	-	-	820,782
Due from Other Funds	203,314	-	-	-	-	203,314
Prepayments	36,333	-	-	-	-	36,333
<b>Total Assets</b>	<b>\$ 12,929,672</b>	<b>\$ 1,537,126</b>	<b>\$ 3,582,112</b>	<b>\$ 6,536,324</b>	<b>\$ 3,579,561</b>	<b>\$ 28,164,795</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Vouchers and Accounts Payable	\$ 574,322	\$ -	\$ -	\$ 844,390	\$ 129,020	\$ 1,547,732
Construction Contracts Payable	-	-	-	194,530	-	194,530
Payroll Withholdings	66,988	-	-	-	-	66,988
Accrued Wages	147,109	-	-	-	181	147,290
Due Other Governmental Units	8,246	-	-	-	-	8,246
Due to Other Funds	-	-	-	-	203,314	203,314
Special Deposits	114,767	(1,077)	-	-	-	113,690
<b>Total Liabilities</b>	<b>911,432</b>	<b>(1,077)</b>	<b>-</b>	<b>1,038,920</b>	<b>332,515</b>	<b>2,281,790</b>
<b>Deferred Inflows of Resources:</b>						
Subsequent Year's Property Taxes	6,484,903	-	2,586,959	-	444,603	9,516,465
Unavailable Revenues - Special Assessments	-	-	-	55,654	-	55,654
Unavailable Revenues - Other	-	-	735,000	-	-	735,000
<b>Total Deferred Inflows of Resources</b>	<b>6,484,903</b>	<b>-</b>	<b>3,321,959</b>	<b>55,654</b>	<b>444,603</b>	<b>10,307,119</b>
<b>Fund Balances:</b>						
Nonspendable	47,680	-	-	-	-	47,680
Restricted	-	1,538,203	260,153	2,498,305	1,829,807	6,126,468
Committed	-	-	-	2,943,445	1,221,852	4,165,297
Assigned	535,866	-	-	-	-	535,866
Unassigned	4,949,791	-	-	-	(249,216)	4,700,575
<b>Total Fund Balances</b>	<b>5,533,337</b>	<b>1,538,203</b>	<b>260,153</b>	<b>5,441,750</b>	<b>2,802,443</b>	<b>15,575,886</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 12,929,672</b>	<b>\$ 1,537,126</b>	<b>\$ 3,582,112</b>	<b>\$ 6,536,324</b>	<b>\$ 3,579,561</b>	<b>\$ 28,164,795</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2019**

**Total Fund Balances - Governmental Funds** \$ 15,575,886

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land, Easements and Right-of-Way	\$	8,515,591	
Construction Work in Progress		4,770,868	
Land Improvements		2,748,020	
Buildings and Improvements		7,480,726	
Machinery/Equipment		10,145,728	
Infrastructure		90,883,825	
Accumulated Depreciation		<u>(71,787,705)</u>	52,757,053

Some receivables, including special assessments, are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements 790,654

Net Wisconsin Retirement System pension plan asset/liability and related deferred outflows and inflows of resources are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension Asset (Liability)		(1,321,739)	
Deferred Outflows of Resources		3,607,407	
Deferred Inflows of Resources		<u>(1,835,663)</u>	450,005

Net State Life Insurance OPEB Liability and related deferred outflows and inflows of resources are recorded only on the Statement of Net Position. Balances at year-end are:

Net OPEB Liability		(152,856)	
Deferred Outflows of Resources		24,427	
Deferred Inflows of Resources		<u>(64,445)</u>	(192,874)

Total Other Postemployment Benefits Liability and related deferred outflows and inflows of resources are recorded only on the Statement of Net Position. Balances at year-end are:

Total OPEB Liability		(1,263,736)	
Deferred Outflows of Resources		83,087	
Deferred Inflows of Resources		<u>(32,990)</u>	(1,213,639)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

General Obligation Debt Payable		21,705,000	
Accrued Interest on Long-Term Debt		373,844	
Employee Leave Liability		<u>428,560</u>	(22,507,404)

Debt discounts and premiums are amortized over the lives of the related debt in the statement of net position. In the governmental funds these costs are considered expenditures/other financing uses when incurred.

Unamortized Debt Premium		(648,422)	
Unamortized Debt Discount		<u>506</u>	<u>(647,916)</u>

**Net Position of Governmental Activities** \$ 45,011,765

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
<b>REVENUES:</b>						
Taxes	\$ 6,450,525	\$ -	\$ 2,341,401	\$ -	\$ 267,060	\$ 9,058,986
Special Assessments	-	-	126,732	28,017	-	154,749
Intergovernmental	1,161,836	-	-	-	-	1,161,836
Licenses and Permits	519,300	40,365	-	-	-	559,665
Fines and Forfeits	135,531	-	-	-	-	135,531
Public Charges for Services	100,546	-	-	-	494,513	595,059
Intergovernmental Charges for Services	625,372	-	-	-	-	625,372
Miscellaneous:						
Interest	146,187	46,134	52,364	175,504	86,564	506,753
Rent	155,494	-	-	-	-	155,494
Donations	850	-	-	-	-	850
Other	176,655	-	-	22,800	90,666	290,121
Total Revenues	<u>9,472,296</u>	<u>86,499</u>	<u>2,520,497</u>	<u>226,321</u>	<u>938,803</u>	<u>13,244,416</u>
<b>EXPENDITURES:</b>						
General Government	2,009,903	-	-	-	-	2,009,903
Public Safety	4,933,560	-	-	-	6,806	4,940,366
Transportation Facilities	1,678,362	-	-	-	362,639	2,041,001
Sanitation	13,725	-	-	-	-	13,725
Health and Social Services	14,905	-	-	-	-	14,905
Culture, Recreation and Education	735,711	-	-	-	288,683	1,024,394
Conservation and Development	443,565	-	-	-	155,216	598,781
Capital Outlay	-	-	-	7,229,919	-	7,229,919
Debt Service:						
Principal Retirement	-	-	2,034,100	-	-	2,034,100
Interest and Fiscal Charges	-	-	454,450	-	-	454,450
Debt Issuance Costs	-	-	-	84,940	-	84,940
Total Expenditures	<u>9,829,731</u>	<u>-</u>	<u>2,488,550</u>	<u>7,314,859</u>	<u>813,344</u>	<u>20,446,484</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2019**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (357,435)	\$ 86,499	\$ 31,947	\$ (7,088,538)	\$ 125,459	\$ (7,202,068)
<b>OTHER FINANCING SOURCES (USES):</b>						
Long-Term Debt Issued	-	-	-	8,160,000	-	8,160,000
Debt Premium	-	-	301,495	-	-	301,495
Proceeds from Sale of Property	7,171	-	-	-	-	7,171
Transfers In	568,751	-	14,673	1,667,403	-	2,250,827
Transfers Out	(1,500,000)	-	(167,403)	(27,664)	(14,673)	(1,709,740)
Total Other Financing Sources (Uses)	<u>(924,078)</u>	<u>-</u>	<u>148,765</u>	<u>9,799,739</u>	<u>(14,673)</u>	<u>9,009,753</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,281,513)	86,499	180,712	2,711,201	110,786	1,807,685
Fund Balances, January 1	<u>6,814,850</u>	<u>1,451,704</u>	<u>79,441</u>	<u>2,730,549</u>	<u>2,691,657</u>	<u>13,768,201</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 5,533,337</u>	<u>\$ 1,538,203</u>	<u>\$ 260,153</u>	<u>\$ 5,441,750</u>	<u>\$ 2,802,443</u>	<u>\$ 15,575,886</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 1,807,685

Amounts reported for governmental activities in the statement of activities are different because:

In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 6,655,055	
Depreciation Expense Reported in the Statement of Activities	<u>(2,911,284)</u>	3,743,771

In the statement of activities, only the gain or loss on the sale or disposal of capital assets is reported, whereas in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of capital assets disposed of during the year. (9,918)

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension asset/liability and related deferred outflows and inflows of resources. (366,503)

OPEB expenditures in the governmental funds are measured by current year employee contributions. OPEB expenses on the statement of activities are measured by the change in OPEB liability and related deferred outflows and inflows of resources.

Total OPEB Liability and Related Items - Single Employer Plan	(134,144)	
Net OPEB Liability and Related Items - Multiple Employer Plan	<u>(20,198)</u>	(154,342)

Receivables not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements. (65,198)

Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position and does not affect the statement of activities. Long-term debt incurred in the current year is:

General Obligation Bonds and Notes		(8,160,000)
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Debt discounts and premiums are reported as an other financing use in governmental funds but are amortized over the lives of the related debt in the government wide statements. (301,495)

Repayment of long-term debt and related obligations is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. In the current year these amounts consist of:

General Obligation Bonds and Notes Principal Retirement		2,034,100
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Accrued Interest Payable	(285,899)	
Amortization of Debt Premium	65,423	
Amortization of Debt Discount	(589)	
Net Change in Accrued Employee Leave	<u>(15,711)</u>	<u>(236,776)</u>

Change in Net Position of Governmental Activities		<u>\$ (1,708,676)</u>
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See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 5,590,466	\$ 4,278,240	\$ 146,623	\$ 731,963	\$ 10,747,292
Accounts Receivable:					
Customer/Patient	718,460	423,217	10,147	248,563	1,400,387
Accounts Receivable on Tax Roll	67,119	72,353	-	-	139,472
Allowance for Doubtful Accounts	-	-	-	(162,070)	(162,070)
Other	16,756	22,354	17,763	-	56,873
Due from Other Governmental Units	21,557	90,067	-	-	111,624
Prepayments	31	96	-	-	127
Inventories	27,439	-	-	-	27,439
Total Current Assets	<u>6,441,828</u>	<u>4,886,327</u>	<u>174,533</u>	<u>818,456</u>	<u>12,321,144</u>
<b>Restricted Assets:</b>					
Cash and Investments:					
Debt Service/Asset Replacement	156	1,922,587	-	-	1,922,743
Carmichael Impact Assessments	729,535	-	-	-	729,535
Total Restricted Assets	<u>729,691</u>	<u>1,922,587</u>	<u>-</u>	<u>-</u>	<u>2,652,278</u>
<b>Capital Assets:</b>					
Property and Plant in Service	42,043,934	13,305,116	2,124,077	-	57,473,127
Accumulated Provision for Depreciation	13,988,970	9,091,042	612,652	-	23,692,664
Net Utility Plant in Service	28,054,964	4,214,074	1,511,425	-	33,780,463
Construction Work in Progress	161,233	744,120	-	-	905,353
Total Capital Assets	<u>28,216,197</u>	<u>4,958,194</u>	<u>1,511,425</u>	<u>-</u>	<u>34,685,816</u>
 Total Assets	 <u>35,387,716</u>	 <u>11,767,108</u>	 <u>1,685,958</u>	 <u>818,456</u>	 <u>49,659,238</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Wisconsin Retirement System Pension Plan Related	357,318	204,389	22,458	-	584,165
Other Postemployment Benefits Related	11,330	7,553	1,259	-	20,142
State Life Insurance Other Postemployment Benefits Related	4,005	2,877	-	-	6,882
Total Deferred Outflows of Resources	<u>372,653</u>	<u>214,819</u>	<u>23,717</u>	<u>-</u>	<u>611,189</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>LIABILITIES</b>					
Current Liabilities:					
Vouchers and Accounts Payable	\$ 233,090	\$ 210,957	\$ 18,287	\$ 16,428	\$ 478,762
Due to Other Governmental Units	15,138	24,287	411	-	39,836
Accrued Employee Liabilities	62,628	21,356	1,488	-	85,472
Accrued Wages	22,505	14,226	2,034	713	39,478
Security Deposit	-	-	125	-	125
Total Current Liabilities	<u>333,361</u>	<u>270,826</u>	<u>22,345</u>	<u>17,141</u>	<u>643,673</u>
<b>Current Liabilities Payable from</b>					
<b>Restricted Assets:</b>					
Accrued Interest Payable	9,838	-	-	-	9,838
Current Portion of Long-Term Debt	40,000	-	-	-	40,000
Current Portion of Revenue Bonds	78,879	-	-	-	78,879
Total Current Liabilities Payable from Restricted Assets	<u>128,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,717</u>
<b>Long-Term Liabilities (Less Current Portion):</b>					
Total Other Postemployment Benefits Liability	172,328	114,885	19,148	-	306,361
Wisconsin Retirement System Net Pension Liability	131,217	75,241	8,232	-	214,690
State Life Insurance Net Other Postemployment Benefits Liability	25,062	18,005	-	-	43,067
Long-Term Debt	746,624	-	-	-	746,624
Mortgage Revenue Bonds	1,574,672	-	-	-	1,574,672
Total Long-Term Liabilities	<u>2,649,903</u>	<u>208,131</u>	<u>27,380</u>	<u>-</u>	<u>2,885,414</u>
Total Liabilities	<u>3,111,981</u>	<u>478,957</u>	<u>49,725</u>	<u>17,141</u>	<u>3,657,804</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Wisconsin Retirement System Pension Plan Related	182,238	104,496	11,433	-	298,167
Other Postemployment Benefits Related	4,499	2,999	500	-	7,998
State Life Insurance Other Postemployment Benefits Related	10,566	7,591	-	-	18,157
Total Deferred Inflows of Resources	<u>197,303</u>	<u>115,086</u>	<u>11,933</u>	<u>-</u>	<u>324,322</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	25,776,178	4,958,194	1,511,425	-	32,245,797
Restricted for:					
Impact Assessments	729,535	-	-	-	729,535
Asset Replacement	-	1,922,587	-	-	1,922,587
Unrestricted	5,945,372	4,507,103	136,592	801,315	11,390,382
Total Net Position	<u>\$ 32,451,085</u>	<u>\$ 11,387,884</u>	<u>\$ 1,648,017</u>	<u>\$ 801,315</u>	<u>\$ 46,288,301</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 2,883,755	\$ 1,951,046	\$ 168,896	\$ 539,351	\$ 5,543,048
Intergovernmental Contracts	-	-	-	359,684	359,684
Grants and Subsidies	-	-	-	25,837	25,837
Other	518,970	49,583	5,064	-	573,617
<b>Total Operating Revenues</b>	<b>3,402,725</b>	<b>2,000,629</b>	<b>173,960</b>	<b>924,872</b>	<b>6,502,186</b>
<b>OPERATING EXPENSES:</b>					
Operation and Maintenance	2,161,889	1,967,008	142,920	1,168,975	5,440,792
Depreciation	960,791	452,362	59,174	43,700	1,516,027
<b>Total Operating Expenses</b>	<b>3,122,680</b>	<b>2,419,370</b>	<b>202,094</b>	<b>1,212,675</b>	<b>6,956,819</b>
<b>OPERATING INCOME (LOSS)</b>	<b>280,045</b>	<b>(418,741)</b>	<b>(28,134)</b>	<b>(287,803)</b>	<b>(454,633)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment Earnings	181,632	218,706	8,943	7,540	416,821
Hook-up Fees	-	414,021	-	-	414,021
Interest Expense	(49,973)	-	-	(269)	(50,242)
Amortization of Debt Discount and Expense	779	-	-	-	779
Gain/Loss on Sale of Capital Assets	139,769	-	-	(343,677)	(203,908)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>272,207</b>	<b>632,727</b>	<b>8,943</b>	<b>(336,406)</b>	<b>577,471</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>552,252</b>	<b>213,986</b>	<b>(19,191)</b>	<b>(624,209)</b>	<b>122,838</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Plant Contributed by Developers	1,358,090	-	-	-	1,358,090
Impact Fees Applied	49,549	-	-	-	49,549
<b>Total Capital Contributions</b>	<b>1,407,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,407,639</b>
<b>TRANSFERS:</b>					
Transfer to General Fund	(485,262)	(55,825)	-	-	(541,087)
<b>CHANGE IN NET POSITION</b>	<b>1,474,629</b>	<b>158,161</b>	<b>(19,191)</b>	<b>(624,209)</b>	<b>989,390</b>
Net Position, January 1	30,976,456	11,229,723	1,667,208	1,425,524	45,298,911
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 32,451,085</b>	<b>\$ 11,387,884</b>	<b>\$ 1,648,017</b>	<b>\$ 801,315</b>	<b>\$ 46,288,301</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2019**

	Business-Type Activities-Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 2,710,393	\$ 1,934,837	\$ 133,935	\$ 618,540	\$ 5,397,705
Cash Received for Public Fire Protection	580,327	-	-	-	580,327
Cash Received (Paid) for Sewer Share of Meter Related Expense	182,504	(182,504)	-	-	-
Cash Received from Government Subsidies/ Contracts/Grants	-	31,570	-	378,817	410,387
Cash Received from Parking Forfeitures	-	-	49,317	-	49,317
Cash Paid for City/Village Surcharges	-	(39,867)	-	-	(39,867)
Cash Payments to Suppliers for Goods and Services	(1,261,318)	(1,020,466)	(33,051)	(323,157)	(2,637,992)
Cash Payments for Employee Services	(1,022,228)	(601,058)	(89,745)	(907,695)	(2,620,726)
Net Cash Provided (Used) by Operating Activities	<u>1,189,678</u>	<u>122,512</u>	<u>60,456</u>	<u>(233,495)</u>	<u>1,139,151</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash Payments of Tax Equivalent to General Fund	<u>(485,262)</u>	<u>(55,825)</u>	<u>-</u>	<u>-</u>	<u>(541,087)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Cash Payments for Capital Assets	(769,826)	(820,394)	(304,545)	-	(1,894,765)
Cash Received for Salvage of Capital Assets	150,607	-	-	180,201	330,808
Cash Received for Hook-up Fees	-	414,021	-	-	414,021
Cash Received for Impact Fees	49,549	-	-	-	49,549
Cash Paid for Principal on Interfund Advance	-	-	-	(23,811)	(23,811)
Cash Paid for Interest on Interfund Advance	-	-	-	(269)	(269)
Cash Received from Issuance of Debt	56,386	-	-	-	56,386
Principal Paid on Long-Term Debt	(117,515)	-	-	-	(117,515)
Interest Paid on Long-Term Debt	(50,652)	-	-	-	(50,652)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(681,451)</u>	<u>(406,373)</u>	<u>(304,545)</u>	<u>156,121</u>	<u>(1,236,248)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Earnings on Investments	<u>181,632</u>	<u>218,706</u>	<u>8,943</u>	<u>7,540</u>	<u>416,821</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>204,597</u>	<u>(120,980)</u>	<u>(235,146)</u>	<u>(69,834)</u>	<u>(221,363)</u>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>6,115,560</u>	<u>6,321,807</u>	<u>381,769</u>	<u>801,797</u>	<u>13,620,933</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 6,320,157</u>	<u>\$ 6,200,827</u>	<u>\$ 146,623</u>	<u>\$ 731,963</u>	<u>\$ 13,399,570</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2019**

	Business-Type Activities-Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 280,045	\$ (418,741)	\$ (28,134)	\$ (287,803)	\$ (454,633)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Change in Pension Plan:					
Asset/Liability	234,580	139,751	16,675	100,620	491,626
Deferred Outflows of Resources	(164,594)	(84,108)	(6,717)	187,609	(67,810)
Deferred Inflows of Resources	(22,723)	(23,423)	(5,308)	(199,522)	(250,976)
Change in OPEB Plans:					
Asset/Liability	10,644	6,712	2,010	(117,153)	(97,787)
Deferred Outflows of Resources	(3,647)	(2,397)	(477)	6,742	221
Deferred Inflows of Resources	14,607	10,261	500	(202)	25,166
Depreciation	960,791	452,362	59,174	43,700	1,516,027
Effect of Changes in Assets and Liabilities:					
Customer/Patient Accounts Receivable	11,125	(32,904)	422	174,458	153,101
Accounts Receivable on Tax Roll	8,423	(9,828)	-	-	(1,405)
Other Accounts Receivable	43,269	(288)	8,881	-	51,862
Allowance for Uncollectible Accounts	-	-	-	(93,554)	(93,554)
Due from Other Governments	2,466	(28,813)	-	-	(26,347)
Prepayments	339	(96)	-	300	543
Inventories	(1,176)	-	-	-	(1,176)
Accounts Payable	(194,170)	108,102	12,922	(8,013)	(81,159)
Special Deposits	4,877	-	-	-	4,877
Accrued Wages	3,005	3,510	756	-	7,271
Accrued Employee Liabilities	1,928	4,668	(237)	(33,973)	(27,614)
Unearned Revenues	-	-	-	(6,704)	(6,704)
Due to Other Governmental Units	(111)	(2,256)	(11)	-	(2,378)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,189,678</u>	<u>\$ 122,512</u>	<u>\$ 60,456</u>	<u>\$ (233,495)</u>	<u>\$ 1,139,151</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>					
Cash and Investments per Statement of Net Position:					
Cash and Investments	\$ 5,590,466	\$ 4,278,240	\$ 146,623	\$ 731,963	\$ 10,747,292
Cash and Investments - Restricted	729,691	1,922,587	-	-	2,652,278
Cash and Cash Equivalents	<u>\$ 6,320,157</u>	<u>\$ 6,200,827</u>	<u>\$ 146,623</u>	<u>\$ 731,963</u>	<u>\$ 13,399,570</u>
<b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Assets Financed through Customers and Developers	\$ 1,358,090	\$ -	\$ -	\$ -	\$ 1,358,090

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2019**

	Custodial Fund
<b>ASSETS</b>	
Cash and Investments	\$ 1,850,831
<b>LIABILITIES</b>	
Due Other Governmental Units:	
County / State	444,803
School District	1,356,577
Technical College	49,451
Total Liabilities	1,850,831
<b>NET POSITION</b>	\$ -

*See accompanying Notes to Basic Financial Statements.*

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND  
YEAR ENDED DECEMBER 31, 2019**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Tax Collections for Other Governments	\$ 17,086,867
<b>DEDUCTIONS</b>	
Payments of Taxes to Other Governments	<u>17,086,867</u>
<b>CHANGE IN NET POSITION</b>	-
Net Position, January 1	<u>-</u>
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ -</u></u>

*See accompanying Notes to Basic Financial Statements.*

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Hudson (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

**A. Reporting Entity**

The City of Hudson is a Wisconsin municipal corporation incorporated under the State of Wisconsin statutes. The City is governed by a mayor/council form of government. The council consists of six members elected from six wards within the City. The financial reporting of the City is defined by the GASB to consist 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 the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A blended component unit, although a legally separate entity, is, in substance, considered part of the government's operations and is included within the financial statements of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely Presented Component Unit – St. Croix Business Park.** Effective November 1996, the City became fiscal agent for the St. Croix Business Park Corporation (Business Park). The Business Park is a nonprofit corporation established for the purpose of owning and developing industrial property in the City of Hudson. It has no members and is governed by a three member board of directors. Originally, the City was jointly involved in the Business Park with Xcel Energy (formerly Northern States Power Company), in which the City reported the Business Park as a related entity. In February 2015, Xcel Energy abandoned its interest in the Business Park. The City now appoints two of the three directors and the third director is then appointed by the other two directors. The directors will serve an indefinite term or until replaced by their appointing body. Starting in 2015, the City reports the Business Park activity as a discretely presented component unit. The Business Park does not issue stand-alone financial statements.

**Discretely Presented Component Unit – Joint Library.** During 2003 the City, through a joint library contractual agreement with the Village of North Hudson and the Town of Hudson, created the Hudson Area Joint Library (Joint Library). In 2008, the agreement was updated to also include the Town of St. Joseph. The Joint Library is governed by an eight member board with three members representing the City, two members representing the Town of Hudson, one member representing the Town of St. Joseph, one member representing the Village, and one member representing the school district. The City appoints the City representatives. The City has transferred ownership of its library and collection to the joint library board; however, if the joint library is dissolved without a successor organization, ownership of its property reverts back to the City. The City is to act as the fiscal agent for the joint library, with all disbursements subject to approval of the joint library board.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**Discretely Presented Component Unit – Joint Library (Continued).** Employees of the joint library are employees of the City of Hudson and reported under the City's federal and state employer identification numbers. The Joint Library does not issue stand-alone financial statements.

**Discretely Presented Component Unit – Community Access Board.** In 1981, the City along with the Village of North Hudson, established the City of Hudson – Village of North Hudson Cable Communications Board, later renamed the Hudson/North Hudson Community Access Board, to jointly enforce a single nonexclusive cable communications franchise for the City and the Village. The Board is governed by a seven-member board with three members representing the City, three representing the Village, and one representing the School District of Hudson Board of Education. The City of Hudson is deemed to be the fiscal agent of the Board. Employees of the Board are employees of the City of Hudson and are reported under the City's federal and state employer identification numbers. The Community Access Board does not issue stand-alone financial statements.

**Other Entity - Hudson Housing Authority.** The City is responsible for the appointment of the board members of the Hudson Housing Authority (Housing Authority). The City, however, cannot, without cause, remove appointed members prior to completion of their five-year term. The City receives no funding from, nor provides any funding to, the Housing Authority. The City is not considered to be financially accountable for the Housing Authority and, accordingly, the Housing Authority is not considered to be a component unit of the City.

**B. Government-Wide and Fund Financial Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds) as described below:

**Government-Wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The joint library and St Croix Business Park component units are considered to be major component units, while the community access board is not considered to be major.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

**Government-Wide 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 to a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

Financial statements of the reporting entity 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.

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** – The General Fund is the operating fund of the City. It is used to account for all financial resources of the City, except those required to be accounted for in another fund.

**Impact Fees Fund** – The Impact Fees Fund, a special revenue fund, is used to account for impact fees collected by the City. The City adopted an ordinance in accordance with Section 66.0617 of the Wisconsin Statutes to impose impact fees on new development to help pay for costs necessary because of land development. Identified costs to be funded by the impact fee consist of storm sewers and sanitary sewers.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of governmental funds.

**Capital Projects Fund** – The Capital Projects Fund is used to account for various governmental infrastructure outlay projects of the City in which the time of construction normally exceeds more than one accounting period and often are funded with proceeds of long-term debt.

All remaining governmental funds are aggregated and reported as nonmajor funds.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The City reports the following major enterprise funds:

**Water Utility** – The Water Utility Fund is used to account for the operations of the City’s water utility. Utility operations are subject to regulation by the Wisconsin Public Service Commission.

**Sewer Utility** – The Sewer Utility Fund is used to account for the operations of the City’s wastewater treatment facilities.

**Parking Utility** – The Parking Utility Fund is used to account for activities relating to the City’s parking meters and parking lots.

**Ambulance Service** – The Ambulance Service Fund is used to account operations of the City’s ambulance service.

The City had no other enterprise funds to report as nonmajor funds.

Additionally, the City reports the following fiduciary fund:

**Custodial Fund** – The Custodial Fund is used to record the tax collections for other governmental entities.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements, the proprietary fund financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. 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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues reported in the governmental funds to be available if they are collected within sixty days after the end of the current fiscal period. State and federal aids under cost reimbursement programs are generally recognized when earned if expected to be collected in the subsequent year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, miscellaneous taxes, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Special assessments are generally recognized as revenue in the governmental funds in the year they are due or when collected, if prior to their due date. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. Actual results could differ from those estimates.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

Investment of City funds is restricted by state statutes. The City has adopted a policy compliant with, but even more restrictive, than state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank, or trust company maturing in three years or less.
- b. Bonds or securities issued or guaranteed by the federal government.
- c. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- d. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- e. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- f. Bonds or securities issued under the authority of the municipality.
- g. The local government investment pool.
- h. Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions, and grant resolutions.

Investment of most trust funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds, and debentures.

Investments of the City are stated at fair value or amortized cost.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**2. Receivables and Payables**

**Property Taxes.** Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. Tax roll amounts that have been collected by December 31 for the other taxing jurisdictions are recorded in the Custodial Fund as amounts due to other governmental units. Since City property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted therefore.

Real property taxes are payable in full on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31. Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the St. Croix County Treasurer for collection in February. St. Croix County subsequently settles in full with the City in August of the same year, except for uncollected delinquent special assessments and special charges. Delinquent personal property taxes are retained by the City for collection. A portion of the general fund balance is nonspendable for the City's investment in delinquent taxes.

**Special Assessments.** Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. City policy requires payment if \$500 or less, in which most fall into this range. Unavailable special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2019 tax roll are recognized as revenue in 2020.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

**Accounts Receivable.** Accounts receivable in the ambulance service and parking utility enterprise funds are offset by an allowance for uncollectible amounts. Accounts receivable in the General Fund for municipal court citations are also offset by an allowance for uncollectible amounts. All other accounts receivable are considered to be collectible in full.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**2. Receivables and Payables (Continued)**

**Loans Receivable.** The City has received federal and state grant funds for economic development loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. It is the City's policy to record deferred inflows of resources equal to the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

**Interfund Balances.** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

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

**4. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**5. Capital Assets**

**Government-Wide Statements.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with initial, individual costs as shown below and an estimated useful life of two years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land Improvements	\$ 1,000	Straight-line	20-50 Years
Buildings and Improvements	1,000	Straight-line	20-50 Years
Machinery and Equipment	1,000	Straight-line	3-10 Years
Utility Systems	1,000	Straight-line	4-100 Years
Infrastructure	1,000	Straight-line	20-50 Years

**Fund Financial Statements.** In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

**6. Deferred Outflows of Resources**

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The City reports deferred outflows of resources for pension and OPEB related items.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**7. Deferred Inflows of Resources**

The City's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The City reports deferred inflows of resources for pension and OPEB related items.

**8. Compensated Absences**

It is the City's policy to permit employees to accumulate paid leave benefits. Liabilities for accumulated employee leave benefits are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned. The City's policies and estimated liabilities at year-end are further discussed in Note 4.B.

**9. Other Postemployment Benefits Payable – Single Employer Plan**

The City provides certain contributions toward postemployment health care benefits. The City funds the liability on a pay-as-you-go basis. The liability was actuarially determined.

**10. Other Postemployment Benefits – Multiple Employer Plan**

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and the deferred inflows of resources related to OPEB, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**11. Wisconsin Retirement System Pension Plan Benefits**

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

**12. Long-Term Obligations/Conduit Debt**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The City had approved the issuance of industrial revenue bonds (IRB's) for the benefit of private business enterprises in prior years. 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 City had IRB's outstanding at December 31, 2019 for the Hudson Hockey Association totaling \$883,815.

**13. Defining Operating Revenues and Expenses**

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 utility, sewer utility, ambulance service, and parking funds are charges to customers for sales and services. 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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**14. Use of Restricted Resources**

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.

**15. Equity Classifications**

Fund equity, representing the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources, is classified as follows in the City's financial statements:

**Government-Wide and Proprietary Fund Statements.** Fund equity is classified as net position in the government-wide and proprietary fund financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement for those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

**Fund Financial Statements.** In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the Council. Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications, including deficit balances of other governmental funds. The City has established a policy that the general fund minimum unassigned fund balance should be between 22.5 and 27.5 percent of general fund expenditures.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**15. Equity Classifications (Continued)**

**Fund Financial Statements (Continued).** Committed fund balance is required to be established, modified, or rescinded by resolution of the City Council prior to each year-end. Based on resolution of the City Council, the City Administrator has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the City's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the City's practice to use committed, assigned, and finally unassigned fund balance.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

The Tax Incremental District #5 and #6 funds had deficit balances at December 31, 2019 in the amount of \$65,324 and \$183,892, respectively. These deficits will be eliminated with future tax increment collections within each district.

The General Fund expenditures exceeded the final budget in the general government (\$17,795), transportation facilities (\$132,350), and health and human services (\$205) categories. These overages were determined necessary and were authorized by management.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City's cash and investments balances at December 31, 2019 are shown in the financial statements as follows:

Governmental Funds	\$ 17,654,089
Proprietary Funds	13,399,570
Fiduciary Funds	1,850,831
	<u>\$ 32,904,490</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 1,747,354
Deposits in State Local Government Pooled-Investment Fund	10,262,349
Investments in Federal Agency Issuances	2,868,215
Investments in Municipal Bonds and Notes	2,026,672
Investments in Money Market Funds	16,355,144
Certificates of Deposit	3,802,647
Petty Cash	1,400
Total Cash and Investments	<u>37,063,781</u>
Less Amount Allocated to Component Units	<u>(4,159,291)</u>
	<u><u>\$ 32,904,490</u></u>

**Deposits at Financial Institutions**

The City's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and up to an additional \$250,000 for demand accounts. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the City to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City's deposits may not be returned. At December 31, 2019, the City's deposits were not exposed to significant custodial credit risk.

**Investments**

The City's investments at December 31, 2019 consisted of deposits in the State of Wisconsin Local Government Investment Pool (an external investment pool), U.S. government agencies and instrumentalities obligations, and a money market fund associated with its investments in federal securities.

**Deposits in State Local Government Pooled-Investment Fund.** The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in the State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

**Deposits in State Local Government Pooled-Investment Fund (continued).**

Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2019 was 22 days.

**U.S. Government Agencies and Instrumentalities Obligations.** The City's investments in these obligations at December 31, 2019 are summarized as follows:

Description	Totals	Investment Maturities (in years)				Moody's / S&P Rating
		<1	1 to 2	2 to 3	>3	
Debt Instruments:						
FNMA	\$ 833,703	\$ 260,060	\$ 573,643	\$ -	\$ -	AAA/AA+
FHLMC	1,533,709	405,000	1,128,709	-	-	AAA/AA+
FHLB	-	-	-	-	-	-
FFCB	499,980	-	-	-	499,980	AAA/AA+
GNSF	823	-	-	340	483	Not Rated
Municipal Bonds and Notes	2,026,672	730,248	325,644	970,780	-	AA1, Aa1, Aa2/ AA, A+
LGIP	10,262,349	10,262,349	-	-	-	Not Rated
Certificates of Deposit	3,802,647	2,078,764	1,253,919	319,530	150,434	Not Rated
Money Market Funds	16,355,144	16,355,144	-	-	-	Not Rated
	<u>\$ 35,315,027</u>	<u>\$ 30,091,565</u>	<u>\$ 3,281,915</u>	<u>\$ 1,290,650</u>	<u>\$ 650,897</u>	

The above obligations may be subject to call prior to the stated maturity date. It is the City's general policy to hold the obligations until maturity or call. Obligations of the GNMA are directly guaranteed by the federal government. The other listed obligations are guaranteed by the issuing agency/instrumentality.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The City's investment policy, which is more restrictive than provisions of the Wisconsin Statutes, is previously discussed in Note 1.D.1. The City has no formal policy relating to custodial credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates further into the future are more sensitive to changes in market interest rates. The short weighted average maturity of the investments in the LGIP mitigates this risk to the City somewhat; however, as shown in the maturity tables above, some interest rate risk exists within the City's investments.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Fair Value Measurements**

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

The City’s investments are measured as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federal Agency Issuances	\$ 2,868,215	\$ -	\$ -	\$ 2,868,215
Municipal Bonds and Notes	-	2,026,672	-	2,026,672
Money Market Funds	-	16,355,144	-	16,355,144
Certificates of Deposit	-	3,802,647	-	3,802,647
Total	<u>\$ 2,868,215</u>	<u>\$ 22,184,463</u>	<u>\$ -</u>	<u>\$ 25,052,678</u>
Investments Measured at Amortized Cost - State LGIP Funds				10,262,349
Total Investments				<u>\$ 35,315,027</u>

The Level 2 debt securities are not traded on an active market but there are observable market inputs readily available and the fixed income securities are priced on a daily basis, market to market, using a variety of third-party pricing sources, market data, and methodologies. The Level 2 certificates of deposit are valued using observable market prices of similar assets.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables/Deferred Inflows of Resources**

**1. Other Receivables**

Other accounts receivable at December 31, 2019 are further detailed as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Totals
Special Assessments	\$ -	\$ -	\$46,557	\$ -	\$ -	\$ 46,557
Accounts Receivable:						
General	217,885	-	325	204,985	56,873	480,068
Customers:						
Water	-	-	-	-	718,460	718,460
Sewer	-	-	-	-	423,217	423,217
Parking	-	-	-	-	10,147	10,147
Ambulance (net)	-	-	-	-	86,493	86,493
	<u>217,885</u>	<u>-</u>	<u>325</u>	<u>204,985</u>	<u>1,295,190</u>	<u>1,718,385</u>
Due From Other Governments	<u>85,782</u>	<u>735,000</u>	<u>-</u>	<u>-</u>	<u>111,624</u>	<u>932,406</u>
Totals	<u>\$ 303,667</u>	<u>\$ 735,000</u>	<u>\$46,882</u>	<u>\$ 204,985</u>	<u>\$ 1,406,814</u>	<u>\$ 2,697,348</u>

Accounts receivable of the ambulance service enterprise fund is reported net of an allowance for uncollectible accounts. Such allowance totaled \$162,070 at December 31, 2019.

**2. Deferred Inflows of Resources**

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable 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 inflows of resources and unearned revenue reported in the governmental funds are shown as follows:

	Unavailable	Unearned	Total
2019 Tax Roll Items:			
Property Taxes	\$ -	\$ 9,516,465	\$ 9,516,465
Special Assessments	17,345	-	17,345
Special Assessments - Future Years	38,309	-	38,309
Other	735,000	-	735,000
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 790,654</u>	<u>\$ 9,516,465</u>	<u>\$ 10,307,119</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital assets activity for the year ended December 31, 2019 is shown below:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land, Easements and Right-of-Way	\$ 8,515,591	\$ -	\$ -	\$ 8,515,591
Construction Work in Progress	533,986	4,473,048	236,166	4,770,868
Total Capital Assets Not Being Depreciated	<u>9,049,577</u>	<u>4,473,048</u>	<u>236,166</u>	<u>13,286,459</u>
Capital Assets Being Depreciated:				
Land Improvements	2,748,020	-	-	2,748,020
Buildings and Improvements	7,119,836	374,728	13,838	7,480,726
Machinery and Equipment	4,172,779	109,678	-	4,282,457
Licensed Vehicles	5,457,758	451,513	46,000	5,863,271
Infrastructure	89,401,571	1,482,254	-	90,883,825
Total Capital Assets Being Depreciated	<u>108,899,964</u>	<u>2,418,173</u>	<u>59,838</u>	<u>111,258,299</u>
Total Capital Assets	<u>117,949,541</u>	<u>6,891,221</u>	<u>296,004</u>	<u>124,544,758</u>
Accumulated Depreciation:				
Land Improvements	2,041,101	100,879	-	2,141,980
Buildings and Improvements	2,586,630	243,655	3,920	2,826,365
Machinery and Equipment	2,344,643	289,771	-	2,634,414
Licensed Vehicles	3,018,727	397,202	46,000	3,369,929
Infrastructure	58,935,240	1,879,777	-	60,815,017
Total Accumulated Depreciation	<u>68,926,341</u>	<u>2,911,284</u>	<u>49,920</u>	<u>71,787,705</u>
Net Capital Assets - Governmental Activities	<u>\$ 49,023,200</u>	<u>\$ 3,979,937</u>	<u>\$ 246,084</u>	<u>\$ 52,757,053</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 163,745
Public Safety	309,641
Public Works	2,253,479
Culture, Recreation and Education	182,445
Conservation and Development	1,974
	<u>\$ 2,911,284</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 136,862	\$ -	\$ -	\$ 136,862
Construction in Progress	115,069	101,731	55,567	161,233
Total Capital Assets Not Being Depreciated	<u>251,931</u>	<u>101,731</u>	<u>55,567</u>	<u>298,095</u>
Capital Assets Being Depreciated:				
Source of Supply	1,873,394	-	-	1,873,394
Pumping Plant	2,303,209	38,937	-	2,342,146
Water Treatment	8,352,575	45,048	-	8,397,623
Transmission and Distribution	25,246,085	2,113,700	181,946	27,177,839
General Assets	2,014,013	102,057	-	2,116,070
Total Capital Assets Being Depreciated	<u>39,789,276</u>	<u>2,299,742</u>	<u>181,946</u>	<u>41,907,072</u>
Total Capital Assets	<u>40,041,207</u>	<u>2,401,473</u>	<u>237,513</u>	<u>42,205,167</u>
Accumulated Depreciation:				
Source of Supply	699,717	48,492	-	748,209
Pumping Plant	1,994,710	72,961	-	2,067,671
Water Treatment	2,749,949	273,671	-	3,023,620
Transmission and Distribution	6,780,562	489,294	181,946	7,087,910
General Assets	985,187	76,373	-	1,061,560
Total Accumulated Depreciation	<u>13,210,125</u>	<u>960,791</u>	<u>181,946</u>	<u>13,988,970</u>
Net Capital Assets - Water Utility	<u>26,831,082</u>	<u>1,440,682</u>	<u>55,567</u>	<u>28,216,197</u>
<b>Sewer Utility:</b>				
Capital Assets Not Being Depreciated:				
Land	129,856	-	-	129,856
Construction in Progress	-	744,120	-	744,120
Total Capital Assets Not Being Depreciated	<u>129,856</u>	<u>744,120</u>	<u>-</u>	<u>873,976</u>
Capital Assets Being Depreciated:				
Collection System	680,920	-	-	680,920
Pumping System	74,400	-	-	74,400
Treatment and Disposal Plant	11,391,052	38,365	-	11,429,417
General Plant	952,614	37,909	-	990,523
Total Capital Assets Being Depreciated	<u>13,098,986</u>	<u>76,274</u>	<u>-</u>	<u>13,175,260</u>
Total Capital Assets	<u>13,228,842</u>	<u>820,394</u>	<u>-</u>	<u>14,049,236</u>
Accumulated Depreciation:				
Collection System	248,136	7,677	-	255,813
Pumping System	18,039	5,517	-	23,556
Treatment and Disposal Plant	7,725,669	384,671	-	8,110,340
General Plant	646,836	54,497	-	701,333
Total Accumulated Depreciation	<u>8,638,680</u>	<u>452,362</u>	<u>-</u>	<u>9,091,042</u>
Net Capital Assets - Sewer Utility	<u>4,590,162</u>	<u>368,032</u>	<u>-</u>	<u>4,958,194</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

**Business-Type Activities (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Parking Utility:</b>				
Capital Assets Not Being Depreciated:				
Parking Lot Land	\$ 760,562	\$ -	\$ -	\$ 760,562
Capital Assets Being Depreciated:				
Improvements to Lots	991,691	-	-	991,691
Equipment	67,279	304,545	-	371,824
Total Capital Assets Being Depreciated	<u>1,058,970</u>	<u>304,545</u>	<u>-</u>	<u>1,363,515</u>
Total Capital Assets	<u>1,819,532</u>	<u>304,545</u>	<u>-</u>	<u>2,124,077</u>
Accumulated Depreciation:				
Improvements to Lots	491,782	42,719	-	534,501
Equipment	61,696	16,455	-	78,151
Total Accumulated Depreciation	<u>553,478</u>	<u>59,174</u>	<u>-</u>	<u>612,652</u>
Net Capital Assets - Parking Utility	<u>1,266,054</u>	<u>245,371</u>	<u>-</u>	<u>1,511,425</u>
<b>Ambulance Service:</b>				
Capital Assets Being Depreciated:				
Vehicles	725,513	-	725,513	-
Other Equipment	418,303	-	418,303	-
Total Capital Assets	<u>1,143,816</u>	<u>-</u>	<u>1,143,816</u>	<u>-</u>
Total Accumulated Depreciation	<u>576,238</u>	<u>43,700</u>	<u>619,938</u>	<u>-</u>
Net Capital Assets - Ambulance Service	<u>567,578</u>	<u>(43,700)</u>	<u>523,878</u>	<u>-</u>
Totals - Business-Type Activities:				
Capital Assets Not Being Depreciated	1,142,349	845,851	55,567	1,932,633
Capital Assets Being Depreciated	55,091,048	2,680,561	1,325,762	56,445,847
Total Capital Assets	<u>56,233,397</u>	<u>3,526,412</u>	<u>1,381,329</u>	<u>58,378,480</u>
Less Accumulated Depreciation	<u>22,978,521</u>	<u>1,516,027</u>	<u>801,884</u>	<u>23,692,664</u>
Net Capital Assets - Business-Type Activities	<u>\$ 33,254,876</u>	<u>\$ 2,010,385</u>	<u>\$ 579,445</u>	<u>\$ 34,685,816</u>

Depreciation was charged to the following business-type activities:

Water	\$ 960,791
Sewer	452,362
Parking	59,174
Ambulance	43,700
	<u>\$ 1,516,027</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivables, Payables and Transfers**

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	TID #5	\$ 68,640	Fund Cash Deficit
General Fund	TID #6	134,674	Fund Cash Deficit
		<u>\$ 203,314</u>	

**Advances to/from Other Funds**

On August 1, 2016, the City Council approved advancing \$103,500 from the general fund as 50% of the financing of a new ambulance. The advance is to be repaid in monthly installments of \$3,010 from September 2016 through August 2019. During 2019, the ambulance paid the remaining balance to the general fund.

**Interfund Transfers**

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects Fund	General Fund	\$ 27,664	Share of Project Costs
General Fund	Capital Projects Fund	1,500,000	City share of capital expenditures Excess revenues and interest earnings above debt requirements
Debt Service Fund	Capital Projects Fund	167,403	
Sewer Collection System Fund	Debt Service Fund	14,673	Share of debt service
Water Utility Fund	General Fund	485,262	Property tax equivalent
Sewer Utility Fund	General Fund	55,825	Property tax equivalent
		<u>\$ 2,250,827</u>	

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations**

**Changes in Long-Term Obligations**

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2019:

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Amounts Due Within One Year
<b>Long-Term Debt:</b>					
Governmental Activities:					
General Obligation Bonds	\$ 9,055,000	\$ 5,960,000	\$ 475,000	\$ 14,540,000	\$ 580,000
General Obligation Notes	5,935,000	2,200,000	970,000	7,165,000	1,330,000
General Obligation Notes -					
Direct Borrowings and Placements	589,100	-	589,100	-	-
Unamortized Debt Premium	412,350	301,495	65,423	648,422	-
Unamortized Debt Discount	(1,095)	-	(589)	(506)	-
Total Governmental Activities	<u>15,990,355</u>	<u>8,461,495</u>	<u>2,098,934</u>	<u>22,352,916</u>	<u>1,910,000</u>
<b>Business-Type Activities:</b>					
General Obligation Bonds:					
Water Utility	820,000	-	40,000	780,000	40,000
Mortgage Revenue Bonds:					
Water Utility	1,674,680	56,386	77,515	1,653,551	78,879
Unamortized Debt Premium	7,403	-	779	6,624	-
Total Business-Type Activities	<u>2,502,083</u>	<u>56,386</u>	<u>118,294</u>	<u>2,440,175</u>	<u>118,879</u>
Total Long-Term Debt	<u>\$ 18,492,438</u>	<u>\$ 8,517,881</u>	<u>\$ 2,217,228</u>	<u>\$ 24,793,091</u>	<u>\$ 2,028,879</u>
<b>Other Long-Term Obligations:</b>					
<b>Governmental Activities:</b>					
Employee Leave Liability	\$ 412,849	\$ 428,560	\$ 412,849	\$ 428,560	\$ 428,560
<b>Business-Type Activities:</b>					
Employee Leave Liability	93,679	85,472	93,679	85,472	85,472
Total Other Long-Term Obligations	<u>\$ 506,528</u>	<u>\$ 514,032</u>	<u>\$ 506,528</u>	<u>\$ 514,032</u>	<u>\$ 514,032</u>

The City's estimated liabilities for employee vacation and sick leave are discussed in Note 4.B. These liabilities are liquidated by the general fund and relevant proprietary funds.

**Current Year Borrowing**

On April 29, 2019, the City issued \$5,960,000 in General Obligation Corporate Purpose Bonds, Series 2019A, for the purpose of financing 2019 and 2020 street improvement projects and the construction of a new fire station. The bonds accrue interest at 3.00 percent and mature April 1, 2039. On April 29, 2019, the City issued \$2,200,000 in General Obligation Promissory Notes, Series 2019B, for the purpose of financing 2019 and 2020 capital projects. The notes accrue interest at 3.00-4.00 percent and mature April 1, 2029.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**General Obligation Debt**

**Annual Requirements for Retirement.** Individual general obligation long-term debt issued outstanding at December 31, 2019 and annual requirements for their retirement as of that date are shown below:

		Outstanding 12/31/2019	Scheduled Future Payments							2030-2034	2035-2039
			2020	2021	2022	2023	2024	2025-2029			
<b>Bond Issues:</b>											
\$2,115,000 Series 2015A, dated 6/9/15, due 4/1/35, interest at 3.00 to 3.50%	Principal (10/1)	\$ 1,790,000	\$ 85,000	\$ 85,000	\$ 90,000	\$ 100,000	\$ 105,000	\$ 550,000	\$ 630,000	\$ 145,000	
	Interest (4/1, 10/1)	529,833	56,480	53,930	51,380	48,680	45,680	180,250	90,895	2,538	
\$3,490,000 Series 2013A, dated 10/9/13, due 10/1/33, interest at 3.00 to 4.00%	Principal (10/1)	2,585,000	145,000	150,000	155,000	160,000	165,000	920,000	890,000	-	
	Interest (4/1, 10/1)	796,826	94,570	90,220	85,720	81,070	76,270	279,110	89,866	-	
\$3,110,000 Series 2016A, dated 4/12/16, due 4/1/36, interest at 2.00 to 3.00%	Principal (10/1)	2,735,000	140,000	140,000	140,000	140,000	145,000	775,000	870,000	385,000	
	Interest (4/1, 10/1)	648,663	69,996	65,796	61,596	57,396	53,196	208,130	119,280	13,273	
\$2,495,000 Series 2017A, dated 5/15/17, due 12/1/32, interest at 2.00 to 3.00%	Principal (12/1)	2,250,000	150,000	155,000	155,000	160,000	165,000	870,000	595,000	-	
	Interest (6/1, 12/1)	472,900	59,650	56,650	53,550	50,450	47,250	169,200	36,150	-	
\$5,960,000 Series 2019A, dated 04/29/19 due 12/31/39, interest at 3.00%	Principal (10/1)	5,960,000	100,000	100,000	230,000	245,000	255,000	1,360,000	1,675,000	1,995,000	
	Interest (4/1, 10/1)	2,233,918	254,293	175,800	172,800	165,900	158,550	675,150	453,600	177,825	
\$2,200,000 Series 2019B, dated 04/29/19 due 12/31/29, interest at 3.00 to 4.00%	Principal (10/1)	2,200,000	330,000	245,000	175,000	185,000	190,000	1,075,000	-	-	
	Interest (4/1, 10/1)	439,098	115,698	68,150	58,350	51,350	43,950	101,600	-	-	
<b>Promissory Note Issues:</b>											
\$1,885,000 Series 2015B, dated 6/9/15, due 4/1/25, interest at 1.50 to 3.00%	Principal (10/1)	1,155,000	180,000	185,000	190,000	195,000	200,000	205,000	-	-	
	Interest (4/1, 10/1)	115,480	32,058	27,558	22,932	17,708	12,150	3,074	-	-	
\$2,860,000 Series 2013B, dated 10/9/13, due 10/1/23, interest at 2.00 to 2.750%	Principal (10/1)	825,000	195,000	205,000	210,000	215,000	-	-	-	-	
	Interest (4/1, 10/1)	54,792	20,790	16,402	11,688	5,912	-	-	-	-	
\$3,530,000 dated 5/25/11, due 5/1/21 interest at 1.00 to 3.00%	Principal (11/1)	800,000	390,000	410,000	-	-	-	-	-	-	
	Interest (5/1, 11/1)	29,370	23,220	6,150	-	-	-	-	-	-	
\$2,470,000 Series 2017B, dated 6/1/17, due 6/1/27, interest at 3.00%	Principal (12/1)	2,185,000	235,000	240,000	250,000	260,000	290,000	910,000	-	-	
	Interest (6/1, 12/1)	305,625	65,550	58,500	51,300	43,800	36,000	50,475	-	-	
<b>Total Future Requirements:</b>											
	Principal	22,485,000	1,950,000	1,915,000	1,595,000	1,660,000	1,515,000	6,665,000	4,660,000	2,525,000	
	Interest	5,626,505	792,305	619,156	569,316	522,266	473,046	1,666,989	789,791	193,636	
<b>Totals</b>		<b>\$ 28,111,505</b>	<b>\$ 2,742,305</b>	<b>\$ 2,534,156</b>	<b>\$ 2,164,316</b>	<b>\$ 2,182,266</b>	<b>\$ 1,988,046</b>	<b>\$ 8,331,989</b>	<b>\$ 5,449,791</b>	<b>\$ 2,718,636</b>	

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

**General Obligation Debt Limitation.** Section 67.03 of the Wisconsin Statutes provides that the amount of indebtedness of a municipality shall not exceed 5% of the equalized valuation of the taxable property in the municipality. The City's legal debt limit and unused borrowing capacity at December 31, 2019 were computed as follows:

Equalized Valuation (Certified August 2019)	<u>\$ 2,132,731,200</u>
Legal Debt Capacity (5% of Equalized Value)	\$ 106,636,560
Total General Obligation Debt Subject to Limitation	<u>22,485,000</u>
Unused Borrowing Capacity at 12/31/2019	<u>\$ 84,151,560</u>

**Mortgage Revenue Bonds**

**Repayment Requirements.** Outstanding mortgage revenue bonds totaled \$1,653,551 at December 31, 2019, which related to the Water Utility. The City's full faith and credit do not back the mortgage revenue bonds which are instead backed only by the assets and revenues of the issuing enterprise funds. Outstanding mortgage revenue bonds at December 31, 2019 and annual requirements for their retirement at that date are shown below:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water Utility:				
Revenue Bonds dated 12/13/17,	2020	\$ 78,879	\$ 28,408	\$ 107,287
\$1,866,120 authorized, \$1,653,550	2021	80,267	27,008	107,275
issued through 12/31/19, due	2022	81,680	25,583	107,263
5/1/37, interest at 1.760% (Safe	2023	83,118	24,133	107,251
Drinking Water Fund loan)	2024	84,581	22,657	107,238
	2025-2029	445,762	90,224	535,986
	2030-2034	486,395	49,231	535,626
	2035-2037	312,869	8,323	321,192
Total Mortgage Revenue Bonds		<u>\$ 1,653,551</u>	<u>\$ 275,567</u>	<u>\$ 1,929,118</u>

These bonds were issued through the Safe Drinking Water Loan (SDWL) program and contain the following provision in the event of default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Tax Incremental Districts**

The City has created six tax incremental financing districts (TIF districts or TIDs) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called tax increment.

Only TID #5 and #6 were in existence during the year ended December 31, 2019. The resolutions creating TID #5 and #6 were dated July 17, 2017 and July 9, 2018, respectively. The expenditure period for both districts is five years prior to the termination of the district's unextended maximum life, which is 27 years and 20 years, respectively.

The project plans, on file in the City administrative offices, details the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components. Project costs uncollected at the dissolution date are absorbed by the municipality.

Both TID #5 and #6 had project costs exceeding project revenues at December 31, 2019, resulting in fund deficits of \$65,324 and \$183,892, respectively. The TID's are expected to recover these costs as tax increments are collected in future years.

**G. Business Park Revolving Loan Fund**

The City was awarded a grant by the Wisconsin Department of Commerce under the Major Economic Development (MED) program in 2003 in the amount of \$850,000. The funds were to be used to assist in financing site acquisition costs from the St. Croix Business Park for a major business to locate within the business park. Upon closing of the sale, St. Croix Business Park was to pay \$425,000 of the funds to the City to establish a separate revolving loan fund under the management and direction of the City to be used by St. Croix Business Park to assist future economic development projects in the City.

The \$425,000 was recorded in a separate special revenue fund by the City. There were no loans outstanding at December 31, 2019. Outstanding balances on the loans would be shown as long-term receivables in the business park revolving loan special revenue fund and would be equally offset by a deferred inflow of resources. The balance in the fund at December 31, 2019 totaled \$579,177.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Governmental Fund Balances**

The governmental fund balances reported on the fund financial statements at December 31, 2019 consisted of the following:

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
<b>Major Funds:</b>						
General Fund	\$ 5,533,337	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Taxes	-	11,347	-	-	-	-
Prepayments	-	36,333	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-
Police Equipment	-	-	-	-	12,975	-
Fire Equipment	-	-	-	-	57,539	-
Energy Savings	-	-	-	-	7,419	-
BOGO Tree Funds	-	-	-	-	1,551	-
Health Insurance Reserve	-	-	-	-	456,382	-
Unassigned	-	-	-	-	-	4,949,791
Impact Fees Fund	1,538,203	-	1,538,203	-	-	-
Debt Service Fund	260,153	-	260,153	-	-	-
Capital Projects Fund	5,441,750	-	2,498,305	2,943,445	-	-
<b>Nonmajor Funds:</b>						
Special Revenue Funds:						
Room Tax Fund	127,421	-	-	127,421	-	-
Sewer Collection System						
Replacement Fund	1,094,431	-	-	1,094,431	-	-
Storm Water MS-4 Fund	159,197	-	159,197	-	-	-
Storm Water Fund	362,518	-	362,518	-	-	-
Parks Dedication Fees Fund	691,039	-	691,039	-	-	-
Police Donations Fund	36,515	-	36,515	-	-	-
Police Drug Forfeitures Fund	1,361	-	1,361	-	-	-
Business Park Revolving Loan Fund	579,177	-	579,177	-	-	-
Capital Projects Funds:						
TID #5	(65,324)	-	-	-	-	(65,324)
TID #6	(183,892)	-	-	-	-	(183,892)
<b>Total Governmental Fund Balances at December 31, 2019</b>	<u>\$ 15,575,886</u>	<u>\$ 47,680</u>	<u>\$ 6,126,468</u>	<u>\$ 4,165,297</u>	<u>\$ 535,866</u>	<u>\$ 4,700,575</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION**

**A. Wisconsin Retirement System Pension Plan Benefits**

*Plan Description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. 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.

*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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. 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 or after 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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

*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, and Executives and Elected Officials. 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 fiscal reporting period January 1, 2019 through December 31, 2019, the WRS recognized \$511,551 in contributions from the employer.

Contribution rates for 2019 are:

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

*Postretirement 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>
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2019, the City reported a liability of \$1,603,168 for its proportionate share of the net pension liability, with \$1,536,429 relating to the primary government and \$66,739 relating to the City's component units. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.0450621 percent, which was an increase of 0.00269114 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$1,080,218. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,248,625	\$ 2,207,119
Changes of Assumptions	270,236	-
Difference between actual and proportionate share of actual employer contributions	1,917	19,399
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,341,315	-
City Contributions Subsequent to the Measurement Date	511,551	-
Total	<u>4,373,644</u>	<u>2,226,518</u>
Less Amount Allocated to Component Units	<u>(182,072)</u>	<u>(92,688)</u>
Total Primary Government	<u>\$ 4,191,572</u>	<u>\$ 2,133,830</u>

\$511,551 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>	
	<u>Primary Government</u>	<u>Component Units</u>
2020	\$ 568,514	\$ 24,677
2021	138,309	6,003
2022	247,361	10,737
2023	613,351	26,623

**CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
	WRS experience projected to
Mortality:	2017 with scale BB
Postretirement Adjustments*:	1.9%*

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. 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, postretirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	49.0%	5.5%	N/A	N/A
U.S. Equities	N/A	N/A	70.0%	5.0%
International Equities	N/A	N/A	30.0%	5.9%
Fixed Income	24.5%	1.5%	N/A	N/A
Inflation Sensitive Assets	15.5%	1.3%	N/A	N/A
Real Estate	9.0%	3.9%	N/A	N/A
Private Equity/Debt	8.0%	6.7%	N/A	N/A
Multi-Asset	4.0%	4.1%	N/A	N/A
Cash	-10.0%	0.9%	N/A	N/A
Totals	<u>100.0%</u>		<u>100.0%</u>	

*Discount rate.* A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*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 7.00 percent, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,371,158	\$ 1,603,168	\$ (1,942,202)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

**B. Employee Leave Liabilities**

**Vacation.** City employees are granted vacation in varying amounts based on length of service. Vacation earned in one calendar year is available for use on January 1 of the subsequent year. Unrecorded vacation accruals generally do not exceed the amount earned for one year. An employee may, with the employer's written permission, carry over unused vacation credit (limited, depending on department) to the first six months of the following year. The estimated liabilities for accumulated vacation leave at December 31, 2019 were \$348,755 for governmental funds, \$85,472 for enterprise funds, \$17,555 for the Joint Library component unit, and \$24,693 for the Community Access Board component unit.

**Compensatory Time.** It is the City's policy that police employees may accumulate compensatory time. Two librarians are also allowed to accumulate compensatory time. Accumulated compensatory time payable at December 31, 2019 totaled \$79,805, all allocated to the governmental activities as a liability in the government-wide financial statements.

**Sick Leave.** The City allows employees to accumulate sick leave for use in subsequent years. The City does not pay employees for accumulated sick leave upon termination of employment, but allows for a portion of accumulated sick leave to be used as a credit for postemployment health insurance upon retirement. The liability for this benefit is included in the City's other postemployment benefits (OPEB).

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefits – Multiple Employer Plan**

**General Information about the Other Postemployment Benefits Plan**

*Plan Description.* The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees. ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

*Benefits Provided.* The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

*Contributions.* The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Contribution rates as of December 31, 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the fiscal reporting period January 1, 2019 through December 31, 2019, the LRLIF recognized \$1,397 in contributions from the employer.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefits – Multiple Employer Plan (Continued)**

**OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At December 31, 2019, the City reported a liability of \$214,227 for its proportionate share of the net OPEB liability, with \$195,923 relating to the primary government and \$18,304 relating to the City's component units. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018, rolled forward to January 1, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.083023 percent, which was a decrease of 0.014803 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$21,283. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 10,867
Changes of Assumptions	20,441	46,436
Net Difference Between Projected and Actual Earnings on OPEB Investments	5,120	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,277	33,016
City Contributions Subsequent to the Measurement Date	1,397	-
Total	34,235	90,319
Less Amount Allocated to Component Units	(2,926)	(7,717)
Total Primary Government	\$ 31,309	\$ 82,602

\$1,397 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended December 31:	OPEB Expense Amount	
	Primary Government	Component Units
2020	\$ (5,124)	\$ (500)
2021	(5,124)	(500)
2022	(5,124)	(500)
2023	(5,124)	(500)
2024	(5,124)	(500)
Thereafter	(15,368)	(1,499)

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefits – Multiple Employer Plan (Continued)**

**OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)**

*Actuarial assumptions.* The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

*Long-Term expected Return on Plan Assets.* The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Municipal	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefits – Multiple Employer Plan (Continued)**

**OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)**

*Single Discount rate.* A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

*Sensitivity of the City’s proportionate share of the net OPEB liability (asset) to changes in the discount rate.* The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease (3.22%)	Current Discount Rate (4.22%)	1% Increase (5.22%)
Proportionate share of the Net OPEB Liability (asset)                      12/31/2019	\$     304,753	\$     214,227	\$     144,408

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

**D. Other Postemployment Benefit Plan Other Than Pensions (OPEB)**

The City follows Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The City engaged an actuary to determine the City’s liability for postemployment healthcare benefits other than pensions.

**CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Benefit Plan Other Than Pensions (OPEB) (Continued)**

**Single-Employer Plan Description**

***Plan description***

The City incurs a liability for postemployment health care benefits under its current plan and policies as follows:

**Conversion of Sick Leave.** The City allows for a portion of accumulated sick leave to be used as a credit for postemployment health insurance upon retirement based upon the rate of pay at the time of retirement.

**Implicit Rate Subsidy.** The City plan uses a blended rate for both active and retired employees. The difference between the blended rate and the higher age-adjusted rate is considered a subsidy of the retirees' health insurance cost.

The City's plan is a single-employer defined benefit plan used to provide postemployment benefits other than pensions (OPEB). The City Council is designated as the administrator of the OPEB plan.

***Benefits provided***

All City employees eligible for retirement under the Wisconsin Retirement System with a minimum of 5 years of service and at least 55 years of age (50 for protective status) may continue coverage under the City's group medical plan until Medicare eligible provided that they self-pay 100% of the required premium.

*Employees covered by benefit terms.* At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	9
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	87
	96
	96

***Contributions***

The City funds its other postemployment benefit on a pay-as-you go basis. For fiscal year 2019, the City contributed an estimated \$113,300 to the plan.

***Total OPEB Liability***

The City does not accumulate assets in a trust for payment of OPEB benefits. Accordingly, the City must report its total OPEB liability. The City's total OPEB liability was determined by an actuarial valuation as of January 1, 2018, rolled forward to a measurement date of January 1, 2019. At December 31, 2019, the City reported a total OPEB liability of \$1,723,278, with \$1,570,097 allocated to the primary government and the remaining amount allocated to component units. Changes in the City's total OPEB liability were as follows:

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Benefit Plan Other Than Pensions (OPEB) (Continued)**

**Single-Employer Plan Description (Continued)**

	Total OPEB Liability
Balance at December 31, 2018	\$ 1,645,255
Changes for the year:	
Service Cost	145,836
Interest	57,878
Changes of Assumptions or Other Input	(50,609)
Benefit Payments	(75,082)
Net Changes	78,023
Balance at December 31, 2019	1,723,278
Less Amount Allocated to Component Units	(153,181)
Balance at December 31, 2019 - Primary Government	\$ 1,570,097

***Actuarial assumptions***

The total OPEB liability in the actuarial valuation was determined under the alternative measurement method using the following actuarial assumptions rolled forward to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	January 1, 2019
Actuarial Valuation Date:	January 1, 2018
Actuarial Cost Method:	Entry Age, level percentage of pay
Amortization Method:	Average of expected remaining service on a closed basis for differences between expected and actual experiences and assumption changes
Inflation:	2.5%
Salary Increases:	3.0%
Discount Rate:	3.8%
Healthcare Cost Trend Rates:	6.25% as of January 1, 2019 grading to 5.00% over 5 years
Mortality Rates:	RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire)

***Discount rate***

The discount rate used to measure the total OPEB liability was 3.80 percent, increased from 3.30 percent in the prior year. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 3.80%.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Benefit Plan Other Than Pensions (OPEB) (Continued)**

**Single-Employer Plan Description (Continued)**

***Sensitivity of the total OPEB liability to changes in the discount rate***

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

		1% Decrease 2.8%	Current Discount Rate 3.8%	1% Increase 4.8%
Total OPEB Liability	12/31/19	<u>\$ 1,850,035</u>	<u>\$ 1,723,278</u>	<u>\$ 1,605,015</u>

***Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates***

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease (5.25% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.25% decreasing to 5.00%)	1% Increase (7.25% decreasing 6.00%)
Total OPEB Liability	12/31/19	<u>\$ 1,583,008</u>	<u>\$ 1,723,278</u>	<u>\$ 1,889,618</u>

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2019, the City recognized OPEB expense of \$198,089. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions or Other Input	\$ -	\$ 44,987
City Contributions Subsequent to the Measurement Date	113,300	-
Total	113,300	44,987
Less Amount Allocated to Component Units	(10,071)	(3,999)
Total Primary Government	<u>\$ 103,229</u>	<u>\$ 40,988</u>

\$113,300 reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in pension expense -\$5,624 annual for 2020-2024 and -\$16,867 total thereafter.

The plan does not issue separate financial statements.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Participation in Biosolids Facility**

The City is a participating member of the West Central Wisconsin Biosolids Facility (Facility), a facility jointly constructed by eleven Wisconsin communities to provide for the treatment, storage, and disposal of biosolids (sludge). The communities have created a commission pursuant to Section 66.0301 (formerly 66.30) of the Wisconsin Statutes to administer the Facility with said commission to operate as a governmental body under Section 19.82(1) of the Statutes. Costs of operation of the Facility are to be recovered from users of the Facility (both members and nonmembers) based on usage. The City is advanced billed quarterly for its estimated share of costs. The billings are subject to a final adjustment based on actual costs and actual usage.

**F. Landfill Postclosure Care Costs**

**City-Owned Site.** The City is responsible for postclosure care costs relating to a landfill site owned by the City. The landfill was closed in prior years and a cover and monitoring wells were installed in 1992. Future postclosure care costs currently consist solely of monitoring emissions from the site wells and the water quality of identified adjacent property owners' wells. The Wisconsin Department of Natural Resources did not stipulate a specific future timeframe for the required monitoring and, accordingly, no liability has been recorded for these ongoing costs in the government-wide financial statements. Total expenditures during 2019 were \$2,433. Future annual expenditures are expected to be similar to current year expenditures.

**G. Discretely Presented Component Units**

**St Croix Business Park**

Capital asset activity for the St Croix Business Park for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 1,158,508	\$ 15,935	\$ -	\$ 1,174,443
Capital Assets Being Depreciated:				
Land Improvements	82,725	-	-	82,725
Total Capital Assets	<u>1,241,233</u>	<u>-</u>	<u>-</u>	<u>1,257,168</u>
Accumulated Depreciation:				
Land Improvements	46,851	4,137	-	50,988
Net Capital Assets - St. Croix Business Park	<u>\$ 1,194,382</u>	<u>\$ (4,137)</u>	<u>\$ -</u>	<u>\$ 1,206,180</u>

Depreciation expense charged to the Business Park was \$4,137.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Discretely Presented Component Units (Continued)**

**Joint Library**

Capital asset activity for the Joint Library for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 523,386	\$ -	\$ -	\$ 523,386
Machinery and Equipment	593,720	79,904	58,466	615,158
Total Capital Assets	<u>1,117,106</u>	<u>79,904</u>	<u>58,466</u>	<u>1,138,544</u>
Accumulated Depreciation:				
Buildings and Improvements	172,359	20,668	-	193,027
Machinery and Equipment	157,996	84,254	58,466	183,784
Total Accumulated Depreciation	<u>330,355</u>	<u>104,922</u>	<u>58,466</u>	<u>376,811</u>
Net Capital Assets - Joint Library	<u>\$ 786,751</u>	<u>\$ (25,018)</u>	<u>\$ -</u>	<u>\$ 761,733</u>

Depreciation expense charged to the Joint Library was \$104,922.

The long-term obligations activity for the Joint Library component unit for the year ended December 31, 2019, was as follows:

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Amounts Due Within One Year
Employee Leave Liability	<u>\$ 18,870</u>	<u>\$ 17,555</u>	<u>\$ 18,870</u>	<u>\$ 17,555</u>	<u>\$ 17,555</u>

**Community Access Board**

Capital asset activity for the Community Access Board for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Machinery and Equipment	\$ 233,970	\$ 14,698	\$ -	\$ 248,668
Accumulated Depreciation:	129,496	16,221	-	145,717
Net Capital Assets - Community Access Board	<u>\$ 104,474</u>	<u>\$ (16,221)</u>	<u>\$ -</u>	<u>\$ 102,951</u>

Depreciation expense charged to the Community Access Board was \$16,221.

**CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Discretely Presented Component Units (Continued)**

**Community Access Board (Continued)**

The long-term obligations activity for the Community Access Board component unit for the year ended December 31, 2019, was as follows:

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Amounts Due Within One Year
Employee Leave Liability	\$ 18,078	\$ 24,693	\$ 18,078	\$ 24,693	\$ 24,693

**H. Risk Management and Litigation Matters**

The City is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains, including its component units, commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the last three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE 1**

**CITY OF HUDSON, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 6,449,624	\$ 6,449,624	\$ 6,450,525	\$ 901
Intergovernmental	1,083,566	1,083,566	1,161,836	78,270
Licenses and Permits	362,580	362,580	519,300	156,720
Fines and Forfeits	145,250	145,250	135,531	(9,719)
Public Charges for Services	132,275	132,275	100,546	(31,729)
Intergovernmental Charges for Services	629,093	629,093	625,372	(3,721)
Miscellaneous:				
Interest	100,000	100,000	146,187	46,187
Rent	152,150	152,150	155,494	3,344
Other	14,000	14,604	177,505	162,901
Total Revenues	<u>9,068,538</u>	<u>9,069,142</u>	<u>9,472,296</u>	<u>403,154</u>
<b>EXPENDITURES:</b>				
General Government	1,869,457	1,992,108	2,009,903	(17,795)
Public Safety	4,945,697	4,946,301	4,933,560	12,741
Transportation Facilities	1,546,012	1,546,012	1,678,362	(132,350)
Sanitation	17,483	17,483	13,725	3,758
Health and Human Services	14,700	14,700	14,905	(205)
Culture, Recreation and Education	801,806	796,406	735,711	60,695
Conservation and Development	477,790	483,190	443,565	39,625
Total Expenditures	<u>9,672,945</u>	<u>9,796,200</u>	<u>9,829,731</u>	<u>(33,531)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(604,407)</u>	<u>(727,058)</u>	<u>(357,435)</u>	<u>369,623</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of Property	4,000	4,000	7,171	3,171
Transfers In	560,000	560,000	568,751	8,751
Transfers Out	<u>(61,265)</u>	<u>(1,561,265)</u>	<u>(1,500,000)</u>	<u>61,265</u>
Total Other Financing Sources (Uses)	<u>502,735</u>	<u>(997,265)</u>	<u>(924,078)</u>	<u>73,187</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	<u>\$ (101,672)</u>	<u>\$ (1,724,323)</u>	<u>(1,281,513)</u>	<u>\$ 442,810</u>
Fund Balance, January 1			<u>6,814,850</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 5,533,337</u>	

See Notes to Required Supplementary Information

**CITY OF HUDSON, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF  
WISCONSIN RETIREMENT SYSTEM NET PENSION ASSET/LIABILITY  
LAST TEN FISCAL YEARS  
(SHOWN PROSPECTIVELY FROM IMPLEMENTATION)**

<b>Measurement Date:</b> December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.03932084%	0.03942175%	0.04027648%	0.04237096%	0.04506210%
City's proportionate share of the net pension liability (asset)	\$ (965,827)	\$ 640,597	\$ 331,974	\$ (1,258,044)	\$ 1,603,168
City's covered payroll	\$ 4,775,480	\$ 4,990,775	\$ 5,274,504	\$ 5,580,151	\$ 6,078,348
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-20.22%	12.84%	6.29%	-22.54%	26.38%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%

**CITY OF HUDSON, WISCONSIN  
SCHEDULE OF CONTRIBUTIONS TO  
WISCONSIN RETIREMENT SYSTEM PENSION PLAN  
LAST TEN FISCAL YEARS  
(SHOWN PROSPECTIVELY FROM IMPLEMENTATION)**

Fiscal Year End: December 31,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 385,618	\$ 398,730	\$ 455,284	\$ 490,651	\$ 511,551
Contributions in Relation to the Contractually Required Contril	<u>(385,618)</u>	<u>(398,730)</u>	<u>(455,284)</u>	<u>(490,651)</u>	<u>(511,551)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
 City's Covered Payroll	 4,990,775	 5,274,504	 5,580,151	 6,078,348	 6,377,558
 Contributions as a Percentage of Covered Payroll	 7.73%	 7.56%	 8.16%	 8.07%	 8.02%

*Changes of Benefit Terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of Assumptions.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, postretirement adjustment, wage inflation rate, mortality and separation rates.

**CITY OF HUDSON, WISCONSIN**  
**SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
 (SHOWN PROSPECTIVELY FROM IMPLEMENTATION)

	<u>2018</u>	<u>2019</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 152,610	\$ 145,836
Interest	53,756	57,878
Changes of Assumptions or Other Input	-	(50,609)
Benefit Payments	<u>(74,355)</u>	<u>(75,082)</u>
<b>Net Change in Total OPEB Liability</b>	132,011	78,023
<b>Total OPEB Liability - beginning</b>	<u>1,513,244</u>	<u>1,645,255</u>
<b>Total OPEB Liability - ending</b>	<u><u>\$ 1,645,255</u></u>	<u><u>\$ 1,723,278</u></u>
<b>Covered Payroll</b>	\$ 5,310,004	5,469,304
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	30.98%	31.51%

**CITY OF HUDSON, WISCONSIN**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN**  
**LAST TEN FISCAL YEARS**  
 (SHOWN PROSPECTIVELY FROM IMPLEMENTATION)

Measurement Date: December 31,	2017	2018
City's proportion of the net OPEB liability (asset)	0.09710600%	0.08302300%
City's proportionate share of the net OPEB liability (asset)	\$ 292,152	\$ 214,227
City's covered payroll	\$ 4,083,585	\$ 3,791,000
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%	5.65%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%	48.69%

**CITY OF HUDSON, WISCONSIN**  
**SCHEDULE OF CITY'S CONTRIBUTIONS TO**  
**WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN**  
**LAST TEN FISCAL YEARS**  
**(SHOWN PROSPECTIVELY FROM IMPLEMENTATION)**

Year Ended: December 31,	2018	2019
Contractually Required Contributions	\$ 1,598	\$ 1,397
Contributions in Relation to the Contractually Required Contributions	(1,598)	(1,397)
Contribution Deficiency (Excess)	\$ -	\$ -
City's Covered Payroll	\$ 4,083,585	\$ 3,791,000
Contributions as a Percentage of Covered Payroll	0.04%	0.04%

*Changes of Benefit Terms.* There were no changes of benefit terms for any participating employer in LRLIF.

*Changes of Assumptions.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, long-term expected rate of return, postretirement adjustment, wage inflation rate, mortality and separation rates.

**CITY OF HUDSON, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2019**

**BUDGETARY INFORMATION**

Generally accepted accounting principles (GAAP) requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information is derived from the City's annual operating budget. The City did not formally adopt a budget for the Impact Fees Fund, a major special revenue fund. Funds are appropriated to the Impact Fees Fund by Council on a project-by-project basis.

The City's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The City's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds. The City exercises budgetary expenditure control at the department level.

Budget amounts in the financial statements include both the original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

The General Fund expenditures exceeded the final budget in the general government (\$17,795), transportation facilities (\$132,350), and health and human services (\$205) categories. These overages were determined necessary and were authorized by management.

## **SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

SCHEDULE A-1

CITY OF HUDSON, WISCONSIN  
 NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2019

	Special Revenue Funds								Capital Projects Funds			Total Nonmajor Governmental Funds	
	Room Tax Fund	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Water MS-4 Fund	Storm Water Fund	Total Special Revenue Funds	TID #5 Capital Projects Fund	TID #6 Capital Projects Fund		Total Capital Projects Funds
<b>ASSETS</b>													
Cash and Investments	\$ 125,856	\$ 1,094,431	\$ 691,039	\$ 36,567	\$ 1,361	\$ 579,177	\$ 159,197	\$ 215,600	\$ 2,903,228	\$ 3,316	\$ 23,429	\$ 26,745	\$ 2,929,973
Taxes Receivable	-	-	-	-	-	-	-	-	-	213,534	231,069	444,603	444,603
Accounts Receivable	53,437	-	-	-	-	-	-	151,548	204,985	-	-	-	204,985
Total Assets	<u>\$ 179,293</u>	<u>\$ 1,094,431</u>	<u>\$ 691,039</u>	<u>\$ 36,567</u>	<u>\$ 1,361</u>	<u>\$ 579,177</u>	<u>\$ 159,197</u>	<u>\$ 367,148</u>	<u>\$ 3,108,213</u>	<u>\$ 216,850</u>	<u>\$ 254,498</u>	<u>\$ 471,348</u>	<u>\$ 3,579,561</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>													
Liabilities:													
Vouchers and Accounts Payable	\$ 51,872	\$ -	\$ -	\$ 52	\$ -	\$ -	\$ -	\$ 4,449	\$ 56,373	\$ -	\$ 72,647	\$ 72,647	\$ 129,020
Accrued Wages	-	-	-	-	-	-	-	181	181	-	-	-	181
Due to Other Funds	-	-	-	-	-	-	-	-	-	68,640	134,674	203,314	203,314
Total Liabilities	<u>51,872</u>	<u>-</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,630</u>	<u>56,554</u>	<u>68,640</u>	<u>207,321</u>	<u>275,961</u>	<u>332,515</u>
Deferred Inflows of Resources:													
Subsequent Year's Property Taxes	-	-	-	-	-	-	-	-	-	213,534	231,069	444,603	444,603
Fund Balances:													
Restricted	-	-	691,039	36,515	1,361	579,177	159,197	362,518	1,829,807	-	-	-	1,829,807
Committed	127,421	1,094,431	-	-	-	-	-	-	1,221,852	-	-	-	1,221,852
Unassigned	-	-	-	-	-	-	-	-	-	(65,324)	(183,892)	(249,216)	(249,216)
Total Fund Balances	<u>127,421</u>	<u>1,094,431</u>	<u>691,039</u>	<u>36,515</u>	<u>1,361</u>	<u>579,177</u>	<u>159,197</u>	<u>362,518</u>	<u>3,051,659</u>	<u>(65,324)</u>	<u>(183,892)</u>	<u>(249,216)</u>	<u>2,802,443</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 179,293</u>	<u>\$ 1,094,431</u>	<u>\$ 691,039</u>	<u>\$ 36,567</u>	<u>\$ 1,361</u>	<u>\$ 579,177</u>	<u>\$ 159,197</u>	<u>\$ 367,148</u>	<u>\$ 3,108,213</u>	<u>\$ 216,850</u>	<u>\$ 254,498</u>	<u>\$ 471,348</u>	<u>\$ 3,579,561</u>

**CITY OF HUDSON, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2019**

	Special Revenue Funds								Capital Projects Funds			Total Nonmajor Governmental Funds	
	Room Tax Fund	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Water MS-4 Fund	Storm Water Fund	Total Special Revenue Funds	TID #5 Capital Projects Fund	TID #6 Capital Projects Fund		Total Capital Projects Funds
<b>REVENUES:</b>													
Taxes	\$ 263,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,744	\$ 3,316	\$ -	\$ 3,316	\$ 267,060
Public Charges for Services	-	-	-	-	-	-	-	494,513	494,513	-	-	-	494,513
Miscellaneous:													
Allocated Investment Earnings	3,449	32,592	19,733	861	41	17,450	4,611	7,112	85,849	715	-	715	86,564
Other	-	-	70,127	20,539	-	-	-	-	90,666	-	-	-	90,666
Total Revenues	<u>267,193</u>	<u>32,592</u>	<u>89,860</u>	<u>21,400</u>	<u>41</u>	<u>17,450</u>	<u>4,611</u>	<u>501,625</u>	<u>934,772</u>	<u>4,031</u>	<u>-</u>	<u>4,031</u>	<u>938,803</u>
<b>EXPENDITURES:</b>													
Public Safety	-	-	-	6,806	-	-	-	-	6,806	-	-	-	6,806
Transportation Facilities	-	-	-	-	-	-	1,676	360,963	362,639	-	-	-	362,639
Culture, Recreation and Education	274,764	-	13,919	-	-	-	-	-	288,683	-	-	-	288,683
Conservation and Development	-	-	-	-	-	-	-	-	-	11,400	143,816	155,216	155,216
Total Expenditures	<u>274,764</u>	<u>-</u>	<u>13,919</u>	<u>6,806</u>	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>360,963</u>	<u>658,128</u>	<u>11,400</u>	<u>143,816</u>	<u>155,216</u>	<u>813,344</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(7,571)	32,592	75,941	14,594	41	17,450	2,935	140,662	276,644	(7,369)	(143,816)	(151,185)	125,459
<b>OTHER FINANCING SOURCES (USES):</b>													
Transfers Out	-	(14,673)	-	-	-	-	-	-	(14,673)	-	-	-	(14,673)
<b>NET CHANGE IN FUND BALANCES</b>	(7,571)	17,919	75,941	14,594	41	17,450	2,935	140,662	261,971	(7,369)	(143,816)	(151,185)	110,786
Fund Balances, January 1	<u>134,992</u>	<u>1,076,512</u>	<u>615,098</u>	<u>21,921</u>	<u>1,320</u>	<u>561,727</u>	<u>156,262</u>	<u>221,856</u>	<u>2,789,688</u>	<u>(57,955)</u>	<u>(40,076)</u>	<u>(98,031)</u>	<u>2,691,657</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 127,421</u>	<u>\$ 1,094,431</u>	<u>\$ 691,039</u>	<u>\$ 36,515</u>	<u>\$ 1,361</u>	<u>\$ 579,177</u>	<u>\$ 159,197</u>	<u>\$ 362,518</u>	<u>\$ 3,051,659</u>	<u>\$ (65,324)</u>	<u>\$ (183,892)</u>	<u>\$ (249,216)</u>	<u>\$ 2,802,443</u>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED BALANCE SHEET  
DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2018)**

	2019	2018
<b>ASSETS</b>		
Treasurer's Cash and Investments	\$ 6,453,690	\$ 7,663,952
Petty Cash	1,050	1,000
Current Taxes Receivable	5,920,271	5,868,754
Delinquent Personal Property Taxes	11,347	3,845
Accounts Receivable	217,885	110,694
Due from Other Governmental Units	85,782	87,852
Due from Other Funds	203,314	36,166
Advances to Other Funds	-	23,811
Prepayments	36,333	26,171
	\$ 12,929,672	\$ 13,822,245
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Vouchers and Accounts Payable	\$ 574,322	\$ 199,508
Payroll Withholdings	66,988	69,568
Accrued Wages	147,109	107,582
Due to Other Governmental Units	8,246	2,140
Special Deposits	114,767	187,771
Total Liabilities	911,432	566,569
<b>Deferred Inflows of Resources:</b>		
Subsequent Year's Property Taxes	6,484,903	6,440,826
Total Deferred Inflows of Resources	6,484,903	6,440,826
<b>Fund Balance:</b>		
Nonspendable		
Delinquent Taxes	11,347	3,845
Prepayments	36,333	26,171
Advances to Other Funds	-	23,811
Assigned	535,866	515,075
Unassigned	4,949,791	6,245,948
Total Fund Balance	5,533,337	6,814,850
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 12,929,672	\$ 13,822,245

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2019**

	Balance 1/1/19	Revenues/Other Sources			Net Transfers From (To) General Fund	Total Available	Expenditures/ Transfers to Other Funds	Balance 12/31/19
		Tax Levy	Interest	Other				
<b>Nonspendable:</b>								
Delinquent Taxes	\$ 3,845	\$ -	\$ -	\$ -	\$ 7,502	\$ 11,347	\$ -	\$ 11,347
Advances to Other Funds	23,811	-	-	-	(23,811)	-	-	-
Prepayments	26,171	-	-	-	10,162	36,333	-	36,333
<b>Total Nonspendable</b>	<b>\$ 53,827</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,147)</b>	<b>\$ 47,680</b>	<b>\$ -</b>	<b>\$ 47,680</b>
<b>Assigned:</b>								
Police Equipment	\$ 6,083	\$ -	\$ 331	\$ 6,561	\$ -	\$ 12,975	\$ -	\$ 12,975
Fire Equipment	56,011	-	1,528	-	-	57,539	-	57,539
Health Insurance	444,249	-	12,133	-	-	456,382	-	456,382
Energy Savings	7,222	-	197	-	-	7,419	-	7,419
BOGO Tree Funds	1,510	-	41	-	-	1,551	-	1,551
<b>Total Assigned</b>	<b>\$ 515,075</b>	<b>\$ -</b>	<b>\$ 14,230</b>	<b>\$ 6,561</b>	<b>\$ -</b>	<b>\$ 535,866</b>	<b>\$ -</b>	<b>\$ 535,866</b>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019		Variance - Positive (Negative)	2018 Actual
	Final Budget	Actual		
<b>REVENUES:</b>				
Taxes:				
General Property Taxes	\$ 6,438,024	\$ 6,439,215	\$ 1,191	\$ 6,157,140
Payment in Lieu of Taxes:				
Housing Authority	10,000	10,000	-	10,000
Interest and Penalties on Taxes	1,600	1,310	(290)	1,098
Total Taxes	<u>6,449,624</u>	<u>6,450,525</u>	<u>901</u>	<u>6,168,238</u>
<b>Intergovernmental:</b>				
Federal Public Safety	-	-	-	459
State Shared Taxes	160,937	197,457	36,520	223,531
State Aid for Exempt Computers	30,000	30,502	502	29,781
State Fire Insurance Tax	70,000	77,121	7,121	70,427
State Aid for Police Training	5,000	13,026	8,026	4,160
State Transportation Aids	732,669	732,341	(328)	714,044
Payment for Municipal Services	100	143	43	169
County Recycling Grant	5,000	3,687	(1,313)	2,941
DNR Urban Forestry Grant	-	20,430	20,430	-
Other Intergovernmental Aids	79,860	87,129	7,269	16,171
Total Intergovernmental	<u>1,083,566</u>	<u>1,161,836</u>	<u>78,270</u>	<u>1,061,683</u>
<b>Licenses and Permits:</b>				
Business and Occupational Licenses:				
Liquor and Malt Beverage	35,000	30,935	(4,065)	41,010
Other	14,380	14,243	(137)	14,114
Dog Licenses (Including County Refund)	7,000	4,950	(2,050)	5,416
Cat Licenses	800	875	75	845
Building Permits	253,000	408,997	155,997	310,909
Other Permits	7,400	9,300	1,900	7,535
Filing Fees	45,000	50,000	5,000	41,400
Total Licenses and Permits	<u>362,580</u>	<u>519,300</u>	<u>156,720</u>	<u>421,229</u>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019		Variance - Positive (Negative)	2018 Actual
	Final Budget	Actual		
<b>REVENUES: (CONTINUED)</b>				
<b>Fines and Forfeits:</b>				
Court Penalties and Costs	\$ 145,000	\$ 126,981	\$ (18,019)	\$ 122,554
County Court/Miscellaneous	250	8,550	8,300	147
Total Fines and Forfeits	<u>145,250</u>	<u>135,531</u>	<u>(9,719)</u>	<u>122,701</u>
<b>Public Charges for Services:</b>				
General Government:				
License Publication Fees	300	250	(50)	363
Maps, Copies and Photos	600	909	309	1,016
Assessment Search Fees	6,000	4,875	(1,125)	7,075
Administration Charge to Business Park	12,500	9,323	(3,177)	12,432
Public Safety:				
Police Special OT	5,000	8,204	3,204	8,893
Public Education Fees	375	70	(305)	692
Public Works:				
Maintenance Charges	-	3,533	3,533	1,248
Weed and Nuisance Charges	500	-	(500)	3,156
Culture, Recreation and Education:				
Parks and Recreation	30,000	28,362	(1,638)	34,180
Boat Launching	61,000	30,519	(30,481)	42,885
Sail Boat Mooring	16,000	14,501	(1,499)	15,289
Total Public Charges for Services	<u>132,275</u>	<u>100,546</u>	<u>(31,729)</u>	<u>127,554</u>
<b>Intergovernmental Charges for Services:</b>				
Other Local Governments:				
Fire Protection - Contracts	430,393	430,392	(1)	415,275
School Liaison Officer - School Share	175,000	171,206	(3,794)	169,521
Police Labor Reimbursement	300	1,614	1,314	3,721
Elections	-	-	-	5,732
Other Charges	-	8	8	-
Local Departments/Funds:				
Library - Administrative Charge	15,000	13,752	(1,248)	13,752
Cable TV Administrative Charge	8,400	8,400	-	8,400
Total Intergovernmental Charges for Services	<u>629,093</u>	<u>625,372</u>	<u>(3,721)</u>	<u>616,401</u>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019		Variance - Positive (Negative)	2018 Actual
	Final Budget	Actual		
<b>REVENUES: (CONTINUED)</b>				
<b>Miscellaneous:</b>				
Interest on Investments	\$ 100,000	\$ 146,187	\$ 46,187	\$ 122,314
MB Occupancy Costs	139,150	139,144	(6)	137,222
Rent of City Buildings and Property	7,200	12,745	5,545	4,900
Rent Charge to Ambulance Utility	5,800	3,605	(2,195)	5,820
Insurance Dividends	604	152,863	152,259	168,192
Donations	1,500	850	(650)	1,072
Other Refunds and Reimbursements	12,500	23,792	11,292	6,827
Total Miscellaneous	<u>266,754</u>	<u>479,186</u>	<u>212,432</u>	<u>446,347</u>
 Total Revenues	 <u>9,069,142</u>	 <u>9,472,296</u>	 <u>403,154</u>	 <u>8,964,153</u>
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Mayor and Council	69,400	71,455	(2,055)	57,871
Municipal Court	119,927	118,156	1,771	112,995
City Attorney/Other Legal	101,000	145,264	(44,264)	100,632
Clerk-Treasurer	404,530	382,426	22,104	334,577
Administrator	142,651	150,116	(7,465)	93,090
Labor Negotiator/Drug Test	19,000	18,649	351	18,678
Information Technology	241,233	232,122	9,111	175,782
Elections	15,500	15,509	(9)	27,767
Assessment of Property	110,100	113,245	(3,145)	62,291
Insurance/Unallocated	240,690	239,858	832	257,560
City Hall	138,313	137,784	529	141,338
Municipal Building	217,113	213,175	3,938	227,202
Illegal Taxes and Refunds	-	850	(850)	3,245
Contingency/Special Projects	172,651	171,294	1,357	23,055
Total General Government	<u>1,992,108</u>	<u>2,009,903</u>	<u>(17,795)</u>	<u>1,636,083</u>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019		Variance - Positive (Negative)	2018 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Public Safety:</b>				
Police Administration	\$ 621,748	\$ 625,446	\$ (3,698)	\$ 595,788
Police Patrol	2,194,002	2,231,097	(37,095)	2,026,015
Police Patrol Capital Outlay	90,604	112,682	(22,078)	147,903
Criminal Investigation	501,016	540,293	(39,277)	426,683
School Officer	215,753	227,895	(12,142)	213,308
Police and Fire Commission	4,400	10,224	(5,824)	4,722
Fire Department	383,835	391,621	(7,786)	372,885
Fire Department Capital Outlay	45,337	45,131	206	54,535
Fire Department Training	47,810	55,556	(7,746)	55,805
Fire Department Officers	31,292	31,420	(128)	30,683
Fire Deferred Compensation Wages	21,730	14,304	7,426	13,631
Fire Mechanic Wages	10,082	7,610	2,472	7,360
Fire Administration	291,369	291,244	125	281,413
Ambulance Subsidy	236,300	117,955	118,345	233,648
Building Inspection	223,158	222,418	740	181,008
Disaster Control	2,000	86	1,914	-
Emergency Government - Sirens	19,165	1,664	17,501	7,328
Dams	6,700	6,914	(214)	2,671
Total Public Safety	4,946,301	4,933,560	12,741	4,655,386
<b>Transportation Facilities:</b>				
Streets and Related Facilities:				
Director of Public Works	189,417	172,459	16,958	167,740
Machinery and Equipment	209,295	195,163	14,132	194,048
Garage - Storage Sheds	35,700	30,636	5,064	37,368
Garage - Storage Sheds Capital Outlay	-	-	-	987
West Garage	7,750	10,410	(2,660)	6,154
Street Maintenance	914,550	1,067,599	(153,049)	894,892

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019		Variance - Positive (Negative)	2018 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Transportation Facilities: (Continued)</b>				
Streets and Related Facilities: (Continued)				
Highways 94 and 35	\$ 29,000	\$ 29,193	\$ (193)	\$ 31,389
Street Lighting	119,000	131,522	(12,522)	152,566
Street Signs and Markings	18,200	16,670	1,530	21,723
Stop and Go Lights	21,100	22,169	(1,069)	41,807
Sidewalks and Crosswalks	1,000	251	749	1,055
Curb and Gutter	1,000	773	227	1,374
Storm Sewers	-	1,517	(1,517)	-
Total Transportation Facilities	1,546,012	1,678,362	(132,350)	1,551,103
<b>Sanitation:</b>				
Landfill	3,000	2,461	539	1,856
Weed Control	7,600	5,809	1,791	9,232
Recycling Coordinator	6,883	5,455	1,428	4,616
Total Sanitation	17,483	13,725	3,758	15,704
<b>Health and Human Services:</b>				
Sealer of Weights and Measures	6,000	6,000	-	6,000
Animal Control	8,700	8,905	(205)	10,231
Total Health and Human Services	14,700	14,905	(205)	16,231
<b>Culture, Recreation and Education:</b>				
Joint Library	350,217	350,217	-	347,310
Parks:				
Parks Administration	113,517	114,744	(1,227)	128,858
General Park Maintenance	233,662	178,754	54,908	207,547

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019		Variance - Positive (Negative)	2018 Actual
	Final Budget	Actual		
<b>Culture, Recreation and Education: (Continued)</b>				
Parks: (Continued)				
Lakefront Park	\$ 45,354	\$ 45,454	\$ (100)	\$ 39,780
Grandview Park	53,656	46,542	7,114	49,641
Total Culture, Recreation and Education	<u>796,406</u>	<u>735,711</u>	<u>60,695</u>	<u>773,136</u>
<b>Conservation and Development:</b>				
Shade Tree Control	140,023	108,230	31,793	96,662
Community Development	<u>343,167</u>	<u>335,335</u>	<u>7,832</u>	<u>302,968</u>
Total Conservation and Development	<u>483,190</u>	<u>443,565</u>	<u>39,625</u>	<u>399,630</u>
Total Expenditures	<u>9,796,200</u>	<u>9,829,731</u>	<u>(33,531)</u>	<u>9,047,273</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(727,058)</u>	<u>(357,435)</u>	<u>369,623</u>	<u>(83,120)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of City Property	4,000	7,171	3,171	502,178
Transfers In:				
From Capital Projects Fund	-	27,664	27,664	85,000
From Water Utility - Tax Equivalent	500,000	485,262	(14,738)	506,341
From Sewer Utility - Tax Equivalent	60,000	55,825	(4,175)	61,075
Transfers Out:				
To Capital Projects Funds	(1,500,000)	(1,500,000)	-	-
To Debt Service Fund	<u>(61,265)</u>	<u>-</u>	<u>61,265</u>	<u>(51,209)</u>
Total Other Financing Sources (Uses)	<u>(997,265)</u>	<u>(924,078)</u>	<u>73,187</u>	<u>1,103,385</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,724,323)</u>	<u>(1,281,513)</u>	<u>\$ 442,810</u>	<u>1,020,265</u>
Fund Balance, January 1		<u>6,814,850</u>		<u>5,794,585</u>
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 5,533,337</u>		<u>\$ 6,814,850</u>

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2018)**

	2019	2018
<b>ASSETS</b>		
Current Assets:		
Cash and Investments:		
Operations	\$ 5,487,732	\$ 5,280,003
Future Facilities Account	102,734	100,005
Customer Accounts Receivable	718,460	729,585
Accounts Receivable on Tax Roll	67,119	75,542
Other Accounts Receivable	16,756	60,025
Due from Other Governmental Units	21,557	24,023
Prepaid Expenses	31	370
Inventories	27,439	26,263
Total Current Assets	6,441,828	6,295,816
<b>Restricted Assets:</b>		
Cash and Investments:		
Debt Service Funds:		
Unspent Bond Proceeds	156	74,014
Carmichael Impact Assessments	729,535	661,538
Wisconsin Retirement System Net Pension Asset	-	103,363
Total Restricted Assets	729,691	838,915
<b>Capital Assets:</b>		
Utility Plant in Service	42,043,934	39,926,138
Less Accumulated Depreciation	13,988,970	13,210,125
Net Utility Plant in Service	28,054,964	26,716,013
Construction Work in Progress	161,233	115,069
Total Capital Assets	28,216,197	26,831,082
Total Assets	35,387,716	33,965,813
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	357,318	192,724
Other Postemployment Benefits Related	11,330	7,039
State Life Insurance Other Postemployment Benefits Related	4,005	4,649
Total Deferred Outflows of Resources	372,653	204,412

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2018)**

	2019	2018
<b>LIABILITIES</b>		
Current Liabilities Payable from Current Assets:		
Vouchers and Accounts Payable	\$ 159,216	\$ 124,558
Due Other Governmental Units	15,138	15,249
Security Deposits	73,874	68,997
Accrued Employee Liabilities	62,628	60,700
Accrued Wages	22,505	19,500
Accrued Interest	9,838	10,517
Current Portion of Mortgage Revenue Bonds	78,879	74,990
Current Portion of General Obligation Bonds	40,000	40,000
Total Current Liabilities Payable From Current Assets	462,078	414,511
Current Assets		
<b>Long-Term Liabilities (Net of Current Portion):</b>		
Total Other Postemployment Benefits Liability	172,328	154,243
Wisconsin Retirement System Net Pension Liability	131,217	-
State Life Insurance Net Other Postemployment Benefits Liability	25,062	32,503
Mortgage Revenue Bonds	1,574,672	1,599,690
General Obligation Bonds	746,624	787,403
Total Long-Term Liabilities (Net of Current Portion):	2,649,903	2,573,839
Total Liabilities	3,111,981	2,988,350
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	182,238	204,961
Other Postemployment Benefits Related	4,499	-
State Life Insurance Other Postemployment Benefits Related	10,566	458
Total Deferred Inflows of Resources	197,303	205,419
<b>NET POSITION</b>		
Net Investment in Capital Assets	25,776,178	24,403,013
Restricted for Impact Assessments	729,535	661,538
Restricted for Pension Plan	-	103,363
Unrestricted	5,945,372	5,808,542
Total Net Position	\$ 32,451,085	\$ 30,976,456

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES:</b>		
Sales of Water:		
Residential	\$ 1,031,008	\$ 1,068,460
Commercial	1,057,074	1,368,844
Industrial	9,411	10,213
Public Authorities	35,116	36,548
Metered Sales to Temporary Customers	24,766	39,561
Public Fire Protection	580,327	572,467
Private Fire Protection	146,053	143,538
Total Sales of Water	<u>2,883,755</u>	<u>3,239,631</u>
Other Operating Revenues:		
Forfeited Discounts	36,189	29,864
Tower Leasing	276,659	270,135
Meter Charge to Sewer	182,504	162,205
Other Operating Revenues	23,618	42,884
Total Other Operating Revenues	<u>518,970</u>	<u>505,088</u>
Total Operating Revenues	<u>3,402,725</u>	<u>3,744,719</u>
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance	2,161,889	2,004,002
Depreciation	960,791	873,056
Total Operating Expenses	<u>3,122,680</u>	<u>2,877,058</u>
<b>OPERATING INCOME (LOSS)</b>	280,045	867,661
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	181,632	104,422
Interest Expense	(49,973)	(46,919)
Gain/Loss on Sale of Capital Assets	139,769	1,298
Net Amortization of Debt Items	779	820
Total Nonoperating Revenues (Expenses)	<u>272,207</u>	<u>59,621</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>552,252</u>	<u>927,282</u>
<b>CAPITAL CONTRIBUTIONS:</b>		
Plant Contributed by Developers	1,358,090	20,442
Impact Fees Applied	49,549	147,290
Total Capital Contributions	<u>1,407,639</u>	<u>167,732</u>
<b>TRANSFERS:</b>		
Transfer to General Fund	(485,262)	(506,341)
<b>CHANGE IN NET POSITION</b>	1,474,629	588,673
Net Position, January 1	<u>30,976,456</u>	<u>30,387,783</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 32,451,085</u>	<u>\$ 30,976,456</u>

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 2,710,393	\$ 2,977,013
Cash Received for Public Fire Protection	580,327	572,467
Cash Received for Sewer Share of Meter Related Expense	182,504	162,205
Cash Payments to Suppliers for Goods and Services	(1,261,318)	(1,455,921)
Cash Payments for Employee Services	(1,022,228)	(1,015,998)
Net Cash Provided by Operating Activities	<u>1,189,678</u>	<u>1,239,766</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Payments for Tax Equivalents	<u>(485,262)</u>	<u>(506,341)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(769,826)	(2,117,622)
Cash Received for Salvage of Capital Assets	150,607	12,136
Cash Received for Impact Fees	49,549	147,290
Cash Received from Issuance of Debt	56,386	1,244,586
Principal Paid on Long-Term Debt	(117,515)	(100,947)
Interest Paid on Long-Term Debt	(50,652)	(42,421)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(681,451)</u>	<u>(856,978)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>181,632</u>	<u>104,422</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	204,597	(19,131)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>6,115,560</u>	<u>6,134,691</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 6,320,157</u>	<u>\$ 6,115,560</u>

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 280,045	\$ 867,661
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	234,580	(128,361)
Deferred Outflows of Resources	(164,594)	2,440
Deferred Inflows of Resources	(22,723)	125,658
Change in OPEB Plan:		
Asset/Liability	10,644	26,723
Deferred Outflows of Resources	(3,647)	(11,688)
Deferred Inflows of Resources	14,607	458
Depreciation	960,791	873,056
Effect of Changes in Assets and Liabilities:		
Customer Accounts Receivable	11,125	(58,500)
Accounts Receivable on Tax Roll	8,423	(8,449)
Other Accounts Receivable	43,269	(18,337)
Due from Other Governmental Units	2,466	15,512
Prepaid Expenses	339	(370)
Inventories	(1,176)	1,788
Accounts Payable	(194,170)	(482,858)
Special Deposits	4,877	37,110
Accrued Wages	3,005	3,948
Accrued Employee Benefits	1,928	(6,729)
Due to Other Governmental Units	(111)	704
	<b>\$ 1,189,678</b>	<b>\$ 1,239,766</b>
 <b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 5,590,466	\$ 5,380,008
Cash and Investments - Restricted	729,691	735,552
	<b>\$ 6,320,157</b>	<b>\$ 6,115,560</b>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Capital Assets Financed by Customers and Developers	\$ 1,358,090	\$ 20,442

**CITY OF HUDSON, WISCONSIN  
 WATER UTILITY ENTERPRISE FUND  
 SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES  
 YEAR ENDED DECEMBER 31, 2019  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
<b>Pumping:</b>		
Salaries and Wages	\$ 106,158	\$ 88,166
Fringe Benefits	54,096	48,344
Power Purchased for Pumping	191,561	203,835
Operating Supplies	54,313	52,971
Maintenance of Structures and Improvements	49,091	33,412
Maintenance of Pumping Plant	43,922	16,722
Total Pumping	499,141	443,450
<b>Water Treatment:</b>		
Salaries and Wages	52,853	48,782
Fringe Benefits	26,847	26,039
Operating Supplies	32,445	21,396
Chemicals	25,296	28,532
Maintenance Supplies	6,236	4,944
Total Water Treatment	143,677	129,693
<b>Transmission and Distribution:</b>		
General Transmission and Distribution Expenses:		
Salaries and Wages	279,537	261,080
Fringe Benefits	128,160	129,671
Operating Supplies	2,266	4,043
Maintenance Supplies	5,147	1,752
Maintenance:		
Reservoirs and Towers:		
Salaries and Wages	370	333
Fringe Benefits	116	186
Other Expenses	10,311	37,457
Mains:		
Salaries and Wages	370	828
Fringe Benefits	209	378
Payment to North Hudson	117,668	112,478
Other Expenses	46,687	24,235
Services:		
Salaries and Wages	1,577	232
Fringe Benefits	930	238
Other Expenses	13,501	18,439

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>Transmission and Distribution (Continued):</b>		
Maintenance (Continued):		
Meters:		
Salaries and Wages	\$ 21,973	\$ 35,866
Fringe Benefits	23,538	21,432
Other Expenses	31,524	1,040
Hydrants:		
Salaries and Wages	6,006	5,579
Fringe Benefits	2,712	1,422
Other Expenses	61,285	22,972
Total Transmission and Distribution	<u>753,887</u>	<u>679,661</u>
<b>Meter Reading:</b>		
Salaries and Wages	5,096	7,293
Fringe Benefits	3,191	3,415
Other Expenses	22,283	9,927
Total Meter Reading	<u>30,570</u>	<u>20,635</u>
<b>Customer Accounting and Collection:</b>		
Salaries and Wages	35,485	33,492
Fringe Benefits	17,978	16,926
Other Expenses	11,235	8,589
Total Customer Accounting and Collection	<u>64,698</u>	<u>59,007</u>
<b>Administrative and General:</b>		
Salaries and Wages	198,398	204,357
Fringe Benefits	128,098	91,223
Office Supplies and Expenses	52,387	80,675
Outside Services Employed	153,504	169,257
Insurance (except transportation)	63,616	64,364
Rents	-	1,600
Miscellaneous General Expense	3,548	2,845
Transportation:		
Salaries and Wages	1,461	1,526
Fringe Benefits	869	1,639
Insurance	10,598	9,639
Other Expenses	38,148	31,363
Maintenance of General Plant	19,289	10,948
Other	-	2,120
Total Administrative and General	<u>669,916</u>	<u>671,556</u>
<b>Total Operation and Maintenance Expenses</b>	<u>\$ 2,161,889</u>	<u>\$ 2,004,002</u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2018)**

	2019	2018
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ -	\$ -
Future Facilities Account (Net of Debt Restriction)	4,278,240	4,450,297
Customer Accounts Receivable	423,217	390,313
Accounts Receivable on Tax Roll	72,353	62,525
Other Accounts Receivable	22,354	22,066
Due from Other Governmental Units	90,067	61,254
Prepayments	96	-
Total Current Assets	4,886,327	4,986,455
<b>Restricted Assets:</b>		
Cash and Investments:		
DNR Grant Replacement Account	1,922,587	1,871,510
Wisconsin Retirement System Net Pension Asset	-	64,510
Total Restricted Assets	1,922,587	1,936,020
<b>Capital Assets:</b>		
Construction Work in Progress	744,120	-
Utility Plant in Service	13,305,116	13,228,842
Less: Accumulated Depreciation	9,091,042	8,638,680
Net Capital Assets	4,958,194	4,590,162
Total Assets	11,767,108	11,512,637
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	204,389	120,281
Other Postemployment Benefits Related	7,553	4,693
State Life Insurance Other Postemployment Benefits Related	2,877	3,340
Total Deferred Outflows of Resources	214,819	128,314

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2018)**

	2019	2018
<b>LIABILITIES</b>		
<b>Current Liabilities Payable from Current Assets:</b>		
Vouchers and Accounts Payable	\$ 210,957	\$ 102,855
Due to Other Governmental Units	24,287	26,543
Accrued Employee Liabilities	21,356	16,688
Accrued Wages	14,226	10,716
Total Current Liabilities Payable From Current Assets	270,826	156,802
<b>Long-Term Liabilities (Less Current Portion):</b>		
Total Other Postemployment Benefits Liability	114,885	102,828
Wisconsin Retirement System Net Pension Liability	75,241	-
State Life Insurance Net Other Postemployment Benefits Liability	18,005	23,350
Total Long-Term Liabilities (Net of Current Portion):	208,131	126,178
Total Liabilities	478,957	282,980
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	104,496	127,919
Other Postemployment Benefits Related	2,999	-
State Life Insurance Other Postemployment Benefits Related	7,591	329
Total Deferred Inflows of Resources	115,086	128,248
<b>NET POSITION</b>		
Net Investment in Capital Assets	4,958,194	4,590,162
Restricted for Asset Replacement	1,922,587	1,871,510
Restricted for Pension Plan	-	64,510
Unrestricted	4,507,103	4,703,541
Total Net Position	\$ 11,387,884	\$ 11,229,723

**CITY OF HUDSON, WISCONSIN**  
**SEWER UTILITY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2019**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)

	2019	2018
<b>OPERATING REVENUES:</b>		
Charges for Services:		
Residential	\$ 1,430,307	\$ 1,387,321
Commercial	462,370	443,068
Industrial	12,857	13,371
Public Authority	54,310	55,951
Less Charges for City/Village Replacement Accounts	(8,798)	(73,992)
Net Charges for Services	1,951,046	1,825,719
Other:		
Forfeited Discounts	17,613	14,512
Dam Maintenance Charges	31,570	7,994
Other	400	10,238
Total Operating Revenues	2,000,629	1,858,463
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance	1,967,008	1,811,981
Depreciation	452,362	446,952
Total Operating Expenses	2,419,370	2,258,933
<b>OPERATING LOSS</b>	(418,741)	(400,470)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	218,706	107,420
Hook-up Fees:		
City	332,096	233,276
Village	81,925	13,050
Interest on Long-Term Debt	-	(1,983)
Total Nonoperating Revenues (Expenses)	632,727	351,763
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	213,986	(48,707)
<b>TRANSFERS:</b>		
Transfer to General Fund	(55,825)	(61,075)
<b>CHANGE IN NET POSITION</b>	158,161	(109,782)
Net Position, January 1	11,229,723	11,339,505
<b>NET POSITION, DECEMBER 31</b>	\$ 11,387,884	\$ 11,229,723

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Utility Customers	\$ 1,934,837	\$ 1,850,070
Cash Received for Dam Maintenance	31,570	7,994
Cash Paid for City/Village Surcharges	(39,867)	(89,030)
Cash Paid for Sewer Share of Meter Related Expense	(182,504)	(162,205)
Cash Payments to Suppliers for Goods and Services	(1,020,466)	(907,162)
Cash Payments for Employee Services	(601,058)	(702,303)
Net Cash Provided (Used) by Operating Activities	<u>122,512</u>	<u>(2,636)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Payments for Tax Equivalents	<u>(55,825)</u>	<u>(61,075)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(820,394)	(35,002)
Cash Received as Utility Hook-up Fees	414,021	246,326
Principal Paid on Long-Term Debt	-	(208,681)
Interest Paid on Long-Term Debt	-	(2,975)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(406,373)</u>	<u>(332)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>218,706</u>	<u>107,420</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(120,980)	43,377
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>6,321,807</u>	<u>6,278,430</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u><u>\$ 6,200,827</u></u>	<u><u>\$ 6,321,807</u></u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (418,741)	\$ (400,470)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	139,751	(83,831)
Deferred Outflows of Resources	(84,108)	30,563
Deferred Inflows of Resources	(23,423)	66,625
Change in OPEB Plans Activity:		
Liability	6,712	18,196
Deferred Outflows of Resources	(2,397)	(8,033)
Deferred Inflows of Resources	10,261	329
Depreciation	452,362	446,952
Effect of Changes in Assets and Liabilities:		
Customer Accounts Receivable	(32,904)	(62,413)
Accounts Receivable on Tax Roll	(9,828)	(9,686)
Other Accounts Receivable	(288)	(2,292)
Due from Other Governments	(28,813)	(18,559)
Prepayments	(96)	-
Accounts Payable	108,102	22,895
Accrued Wages	3,510	(271)
Due to Other Government Units	(2,256)	3,521
Accrued Employee Benefits	4,668	(6,162)
	<u>\$ 122,512</u>	<u>\$ (2,636)</u>
Net Cash Provided (Used) by Operating Activities		
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 4,278,240	\$ 4,450,297
Cash and Investments - Restricted	1,922,587	1,871,510
	<u>\$ 6,200,827</u>	<u>\$ 6,321,807</u>
Cash and Cash Equivalents		

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>Collection System:</b>		
Salaries and Related Costs	\$ 31,408	\$ 37,390
Supplies	2,995	711
Other Services and Charges	304,222	119,571
Total Collection System	<u>338,625</u>	<u>157,672</u>
<b>Wastewater Treatment Plant:</b>		
Salaries and Related Costs	360,324	364,926
Supplies	86,616	119,856
Biosolids Charges	404,464	335,654
Other Services and Charges	205,750	240,780
Total Wastewater Treatment Plant	<u>1,057,154</u>	<u>1,061,216</u>
<b>Lift Stations:</b>		
Salaries and Related Costs	37,398	39,357
Supplies	3,229	332
Other Services and Charges	22,621	24,394
Total Lift Stations	<u>63,248</u>	<u>64,083</u>
<b>Dams:</b>		
Salaries and Related Costs	3,878	6,045
Other Services and Charges	1,855	4,320
Total Dams	<u>5,852</u>	<u>10,365</u>
<b>Meter Reading:</b>		
Salaries and Related Costs	12,889	3,631
Supplies	5,849	6,353
Meter Use Charge Paid to Water Utility	182,504	162,205
Total Meter Reading	<u>201,242</u>	<u>172,189</u>
<b>Administrative and General:</b>		
Salaries and Related Costs	210,135	268,370
Supplies	3,443	2,240
Insurance	58,710	48,530
Other Services and Charges	28,599	27,316
Total Administrative and General	<u>300,887</u>	<u>346,456</u>
Total Operation and Maintenance Expenses	<u>\$ 1,967,008</u>	<u>\$ 1,811,981</u>

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ 18,170	\$ 288,483
Future Facilities	128,453	93,286
Accounts Receivable	10,147	10,569
Special Assessments	17,763	26,644
Total Current Assets	<u>174,533</u>	<u>418,982</u>
<b>Restricted Assets:</b>		
Wisconsin Retirement System Pension Plan Asset	<u>-</u>	<u>8,443</u>
<b>Capital Assets:</b>		
Parking Assets in Service	2,124,077	1,819,532
Less Accumulated Depreciation	<u>612,652</u>	<u>553,478</u>
Total Capital Assets	<u>1,511,425</u>	<u>1,266,054</u>
 Total Assets	 <u>1,685,958</u>	 <u>1,693,479</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	22,458	15,741
Other Postemployment Benefits Related	<u>1,259</u>	<u>782</u>
Total Deferred Outflows of Resources	<u>23,717</u>	<u>16,523</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Vouchers and Accounts Payable	18,287	5,365
Accrued Wages	2,034	1,278
Accrued Employee Benefits	1,488	1,725
Due Other Governmental Units	411	422
Security Deposit	<u>125</u>	<u>125</u>
Total Current Liabilities	<u>22,345</u>	<u>8,915</u>
<b>Long-Term Liabilities:</b>		
Wisconsin Retirement System Net Pension Liability	8,232	-
Total Other Postemployment Benefits Liability	<u>19,148</u>	<u>17,138</u>
Total Long-Term Liabilities	<u>27,380</u>	<u>17,138</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	11,433	16,741
Other Postemployment Benefits Related	<u>500</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>11,933</u>	<u>16,741</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,511,425	1,266,054
Restricted	-	8,443
Unrestricted	136,592	392,711
Total Net Position	<u>\$ 1,648,017</u>	<u>\$ 1,667,208</u>

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
<b>OPERATING REVENUES:</b>		
Parking Meters	\$ 113,296	\$ 101,070
Parking Permits	20,228	11,706
Parking Tickets	35,372	37,985
Other	5,064	4,190
Total Operating Revenues	173,960	154,951
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
General Utility	111,805	125,997
Parking Lots	13,380	16,356
Meters	17,735	3,087
Total Operation and Maintenance	142,920	145,440
Depreciation	59,174	43,799
Total Operating Expenses	202,094	189,239
<b>OPERATING INCOME (LOSS)</b>	(28,134)	(34,288)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	8,943	7,511
<b>CHANGE IN NET POSITION</b>	(19,191)	(26,777)
Net Position, January 1	1,667,208	1,693,985
<b>NET POSITION, DECEMBER 31</b>	\$ 1,648,017	\$ 1,667,208

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 133,935	\$ 102,625
Cash Received from Parking Forfeitures	49,317	62,047
Cash Payments to Suppliers for Goods and Services	(33,051)	(47,517)
Cash Payments for Employee Services	<u>(89,745)</u>	<u>(93,964)</u>
Net Cash Provided (Used) by Operating Activities	<u>60,456</u>	<u>23,191</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	<u>(304,545)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>8,943</u>	<u>7,511</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(235,146)	30,702
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>381,769</u>	<u>351,067</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 146,623</u>	<u>\$ 381,769</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (28,134)	\$ (34,288)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	16,675	(10,667)
Deferred Outflows of Resources	(6,717)	1,624
Deferred Inflows of Resources	(5,308)	9,685
Change in OPEB Plan:		
Asset/Liability	2,010	2,150
Deferred Outflows of Resources	(477)	(782)
Deferred Inflows of Resources	500	-
Depreciation	59,174	43,799
Effect of Changes in Assets and Liabilities:		
Accounts Receivable	422	(10,569)
Other Receivables	8,881	19,872
Accounts Payable	12,922	976
Due to Other Governmental Units	(11)	418
Accrued Wages Payable	756	49
Accrued Employee Benefits	<u>(237)</u>	<u>924</u>
Net Cash Provided by Operating Activities	<u>\$ 60,456</u>	<u>\$ 23,191</u>

**CITY OF HUDSON, WISCONSIN  
AMBULANCE SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)

	2019	2018
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments		
Operations	\$ 704,004	\$ 774,581
Asset Replacement	27,959	27,216
Accounts Receivable:		
Customer/Patient	248,563	423,021
Allowance for Doubtful Accounts	(162,070)	(255,624)
Prepaid Asset	-	300
Total Current Assets	818,456	969,494
<b>Restricted Assets:</b>		
Wisconsin Retirement System Net Pension Asset	-	100,620
<b>Capital Assets:</b>		
Ambulance Equipment In Service	-	1,143,816
Less: Accumulated Depreciation	-	576,238
Net Capital Assets	-	567,578
Total Assets	818,456	1,637,692
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	-	187,609
Other Postemployment Benefits Related	-	4,693
State Life Insurance Other Postemployment Benefits Related	-	2,049
Total Deferred Outflows of Resources	-	194,351

**CITY OF HUDSON, WISCONSIN  
AMBULANCE SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2019**

(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)

	2019	2018
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Vouchers and Accounts Payable	\$ 16,428	\$ 24,441
Accrued Wages	713	20,120
Accrued Employee Liabilities	-	14,566
Advances from Other Funds	-	23,811
Unearned Revenue	-	6,704
Total Current Liabilities	17,141	89,642
<b>Long-Term Liabilities:</b>		
Total Other Postemployment Benefits Liability	-	102,828
State Life Insurance Net Other Postemployment Benefits Liability	-	14,325
Total Long-Term Liabilities:	-	117,153
Total Liabilities	17,141	206,795
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	-	199,522
State Life Insurance Other Postemployment Benefits Related	-	202
Total Deferred Inflows of Resources	-	199,724
<b>NET POSITION</b>		
Net Investment in Capital Assets	-	543,767
Restricted for Wisconsin Retirement System Pension Plan	-	100,620
Unrestricted	801,315	781,137
Total Net Position	\$ 801,315	\$ 1,425,524

**CITY OF HUDSON, WISCONSIN  
 AMBULANCE SERVICE ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2019  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
<b>OPERATING REVENUES:</b>		
Patient Revenue:		
Charges	\$ 1,251,443	\$ 2,509,987
Less Adjustments	(712,092)	(1,403,185)
Intergovernmental:		
State Grant	25,837	6,910
Contracts:		
City	117,955	233,648
Others	241,729	240,746
	924,872	1,588,106
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
Salaries and Related Costs	853,531	938,748
Other Services and Charges	215,087	175,621
Operating Supplies and Expenses	56,958	116,922
Insurance	38,134	40,241
Building Use Payment to City	5,265	7,020
Total Operation and Maintenance	1,168,975	1,278,552
Depreciation	43,700	92,357
	1,212,675	1,370,909
	(287,803)	217,197
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	7,540	5,913
Donations	-	13,212
Gain/Loss on Sale of Capital Assets	(343,677)	-
Interest Expense	(269)	(1,283)
	(336,406)	17,842
<b>CHANGE IN NET POSITION</b>	(624,209)	235,039
Net Position, January 1	1,425,524	1,190,485
<b>NET POSITION, DECEMBER 31</b>	\$ 801,315	\$ 1,425,524

**CITY OF HUDSON, WISCONSIN  
 AMBULANCE SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2019  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers/Patients	\$ 618,540	\$ 1,067,835
Cash Received from Government Subsidies/Contracts/Grants	378,817	481,098
Cash Payments to Suppliers for Goods and Services	(323,157)	(329,600)
Cash Payments for Employee Services	(907,695)	(948,928)
Net Cash Provided (Used) by Operating Activities	(233,495)	270,405
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Received for Donations	-	13,212
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	-	(111,689)
Cash Received for Salvage of Capital Assets	180,201	-
Cash Paid on General Fund Advance	(23,811)	(34,835)
Cash Paid for Interest on Advance	(269)	(1,283)
Net Cash Provided (Used) by Capital Financing Activities	156,121	(147,807)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	7,540	5,913
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(69,834)	141,723
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	801,797	660,074
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 731,963	\$ 801,797

**CITY OF HUDSON, WISCONSIN  
 AMBULANCE SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2019  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (287,803)	\$ 217,197
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	100,620	(117,285)
Deferred Outflows of Resources	187,609	(57,499)
Deferred Inflows of Resources	(199,522)	146,653
Change in OPEB Plans:		
Asset/Liability	(117,153)	16,149
Deferred Outflows of Resources	6,742	(6,742)
Deferred Inflows of Resources	(202)	202
Depreciation	43,700	92,357
Allowance for Customer/Patient Accounts Receivable	(93,554)	72,798
Effect of Changes in Assets and Liabilities:		
Customer/Patient Accounts Receivable	174,458	(104,691)
Prepaid Assets	300	600
Unearned Revenues	(6,704)	(206)
Accrued Employee Liabilities	(33,973)	1,268
Accounts Payable	(8,013)	9,604
Net Cash Provided (Used) by Operating Activities	\$ (233,495)	\$ 270,405