

**CITY OF HUDSON, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2018**

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**FINANCIAL SECTION**



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## 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, 2018, 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, 2018, 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, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASB Statement No. 75, the City reported a restatement for the change in accounting principle (see Note 4.I). Our auditors' opinion was not modified with respect to the restatement.

### **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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, 2017 which are not presented with the accompanying financial statements. In our report dated June 22, 2018, 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 2017 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 2017 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 2017 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 25, 2019

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

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, 2018. 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, 2018 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 \$92,019,352 (*net position*). Of this amount, \$66,318,215 represented the City's net investment in capital assets, \$7,658,602 was held for restricted purposes, and \$18,042,535 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 increased \$102,373 after application of a restatement due to a change in accounting principle. Net position related to the business-type activities of the City increased \$687,153, while net position related to governmental activities decreased \$584,780.
- At the end of 2018, the City's governmental funds reported combined ending fund balances of \$13,768,201, a decrease of \$2,436,194 from the previous year. This decrease was largely attributable to unspent debt proceeds in the capital projects fund at the end of the prior year that were spent in the current year.
- During the year, the general fund balance increased \$1,020,265. At the end of 2018, the unassigned general fund balance totaled \$6,245,948 or 68.6% of the general fund expenditures and other financing uses. The City has assigned \$515,075 of its general fund balance, which together with the year-end unassigned balance, represented 74.3% of general fund expenditures and other financing uses.
- The City's outstanding long-term debt and other long-term obligations decreased \$1,190,074 during the current fiscal year. The City issued \$1,244,586 of water utility mortgage revenue bonds during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are 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, 2018**

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, 2018**

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 32 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 74 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 81.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

**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 \$92,019,352 at the close of 2018. The largest portion of this net position (72%) 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:

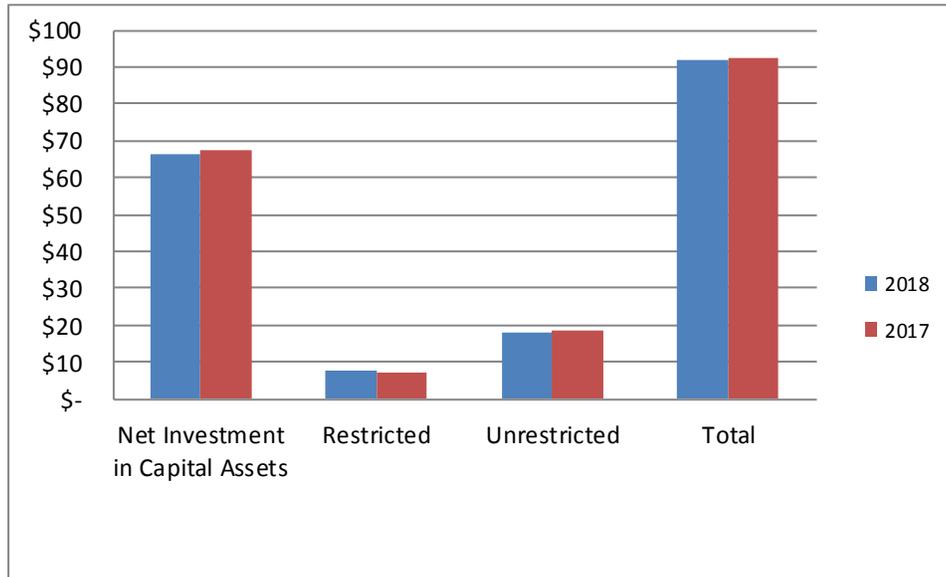
**Condensed Statement of Net Position  
December 31, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 25,692,411	\$ 26,344,081	\$ 15,554,745	\$ 14,897,842	\$ 41,247,156	\$ 41,241,923
Capital Assets	49,023,200	49,074,878	33,254,876	32,208,295	82,278,076	81,283,173
Internal Balances	23,811	58,647	(23,811)	(58,647)	-	-
Total Assets	<u>74,739,422</u>	<u>75,477,606</u>	<u>48,785,810</u>	<u>47,047,490</u>	<u>123,525,232</u>	<u>122,525,096</u>
Deferred Outflows of Resources	1,806,818	1,976,785	543,600	493,483	2,350,418	2,470,268
Long-Term Debt Outstanding	15,990,355	18,115,679	2,595,762	1,900,143	18,586,117	20,015,822
Other Long-Term Obligations	506,528	1,457,719	-	-	506,528	1,457,719
Other Liabilities	2,707,401	850,374	884,605	665,619	3,592,006	1,515,993
Total Liabilities	<u>19,204,284</u>	<u>20,423,772</u>	<u>3,480,367</u>	<u>2,565,762</u>	<u>22,684,651</u>	<u>22,989,534</u>
Deferred Inflows of Resources	10,621,515	9,314,150	550,132	200,522	11,171,647	9,514,672
Net Position:						
Net Investment in						
Capital Assets	34,686,840	35,713,188	31,631,375	31,470,623	66,318,215	67,183,811
Restricted	4,774,604	3,965,548	2,883,998	3,108,034	7,658,602	7,073,582
Unrestricted	7,258,997	8,037,733	10,783,538	10,196,032	18,042,535	18,233,765
Total Net Position	<u>\$ 46,720,441</u>	<u>\$ 47,716,469</u>	<u>\$ 45,298,911</u>	<u>\$ 44,774,689</u>	<u>\$ 92,019,352</u>	<u>\$ 92,491,158</u>

An additional portion of the City's net position (8%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$18,042,535 of total net position (20%) may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note that \$10,783,538 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, 2018**

The following chart shows the comparison of the three components of net position for the years 2018 and 2017 (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, 2018, shows total net position decreased \$584,780 (-1.3%) from the prior year. The primary reason is due to the change in the pension plan liability and deferred outflows and inflows, along with depreciation expense being higher than capital asset additions.

**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, 2018, shows total net position increased \$687,153 (1.5%) 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, 2018**

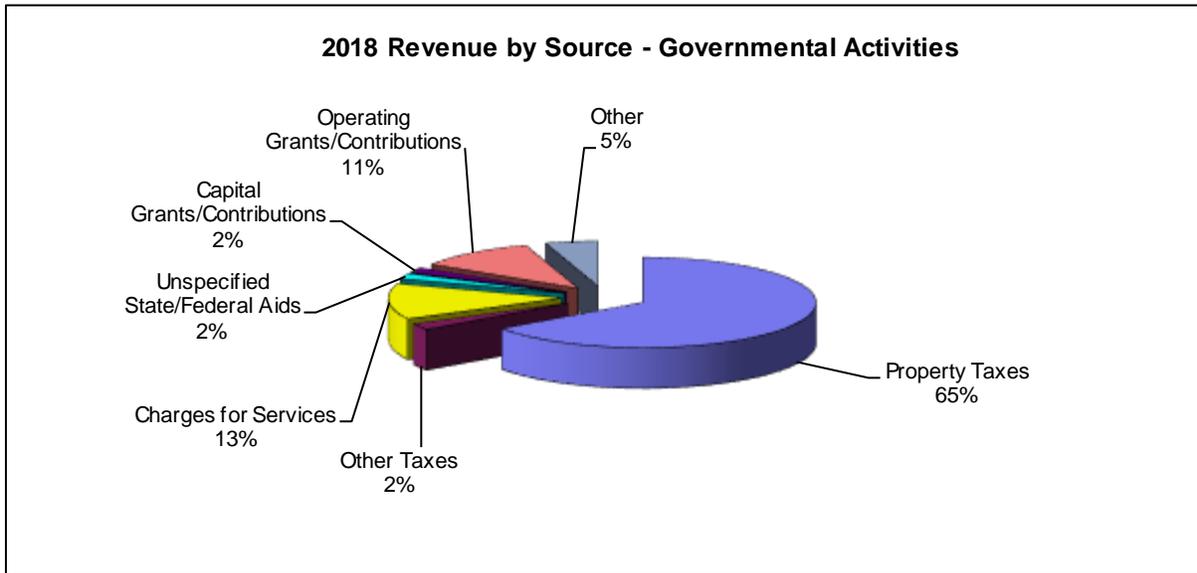
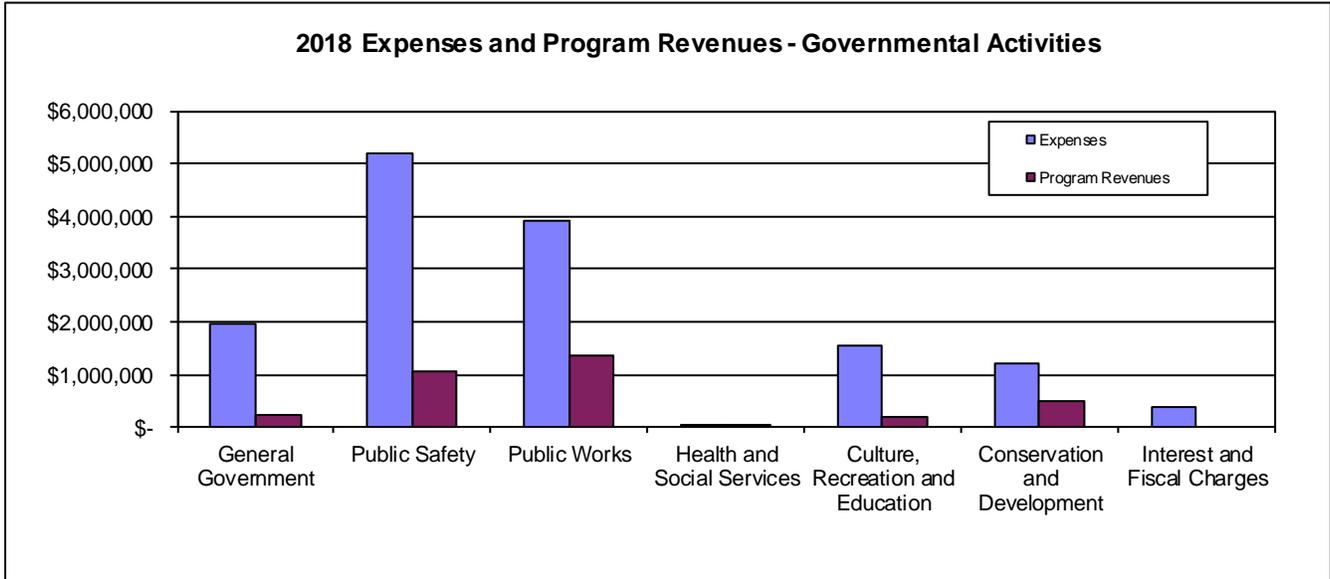
The following is a summary of the changes in the City's net position for the years ended December 31, 2018 and 2017:

**Condensed Statement of Changes in Net Position  
December 31, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,665,135	\$ 1,739,916	\$ 7,346,239	\$ 6,051,622	\$ 9,011,374	\$ 7,791,538
Operating Grants and Contributions	1,460,015	982,183	13,212	2,150	1,473,227	984,333
Capital Grants and Contributions	241,393	792,845	414,058	816,504	655,451	1,609,349
General Revenues:						
Property Taxes	8,507,747	8,007,335	-	-	8,507,747	8,007,335
Other Taxes	296,122	300,488	-	-	296,122	300,488
State and Federal Aids not Restricted to Specific Programs	253,481	206,562	-	-	253,481	206,562
Other	638,883	371,276	226,564	177,233	865,447	548,509
Total Revenues	<u>13,062,776</u>	<u>12,400,605</u>	<u>8,000,073</u>	<u>7,047,509</u>	<u>21,062,849</u>	<u>19,448,114</u>
<b>Expenses:</b>						
General Government	1,948,870	1,722,162	-	-	1,948,870	1,722,162
Public Safety	5,183,484	4,729,379	-	-	5,183,484	4,729,379
Public Works	3,908,632	4,537,988	-	-	3,908,632	4,537,988
Health and Social Services	16,231	15,404	-	-	16,231	15,404
Culture, Recreation, and Education	1,562,075	1,238,506	-	-	1,562,075	1,238,506
Conservation and Development	1,198,942	471,587	-	-	1,198,942	471,587
Interest and Fiscal Charges	396,738	477,204	-	-	396,738	477,204
Water	-	-	2,923,157	3,164,752	2,923,157	3,164,752
Sewage Treatment	-	-	2,260,916	2,157,806	2,260,916	2,157,806
Parking Facility	-	-	189,239	198,001	189,239	198,001
Ambulance Services	-	-	1,372,192	1,303,169	1,372,192	1,303,169
Total Expenses	<u>14,214,972</u>	<u>13,192,230</u>	<u>6,745,504</u>	<u>6,823,728</u>	<u>20,960,476</u>	<u>20,015,958</u>
Change in Net Position before Transfers	(1,152,196)	(791,625)	1,254,569	223,781	102,373	(567,844)
Transfers	567,416	528,942	(567,416)	(528,942)	-	-
Change in Net Position	(584,780)	(262,683)	687,153	(305,161)	102,373	(567,844)
Net Position - Beginning of Year	47,716,469	47,979,152	44,774,689	45,079,850	92,491,158	93,059,002
Restatement Due to Change in Accounting Principle	(411,248)	-	(162,931)	-	(574,179)	-
Net Position - Beginning of Year, As Restated	<u>47,305,221</u>	<u>47,979,152</u>	<u>44,611,758</u>	<u>45,079,850</u>	<u>91,916,979</u>	<u>93,059,002</u>
Net Position - End of Year	<u>\$ 46,720,441</u>	<u>\$ 47,716,469</u>	<u>\$ 45,298,911</u>	<u>\$ 44,774,689</u>	<u>\$ 92,019,352</u>	<u>\$ 92,491,158</u>

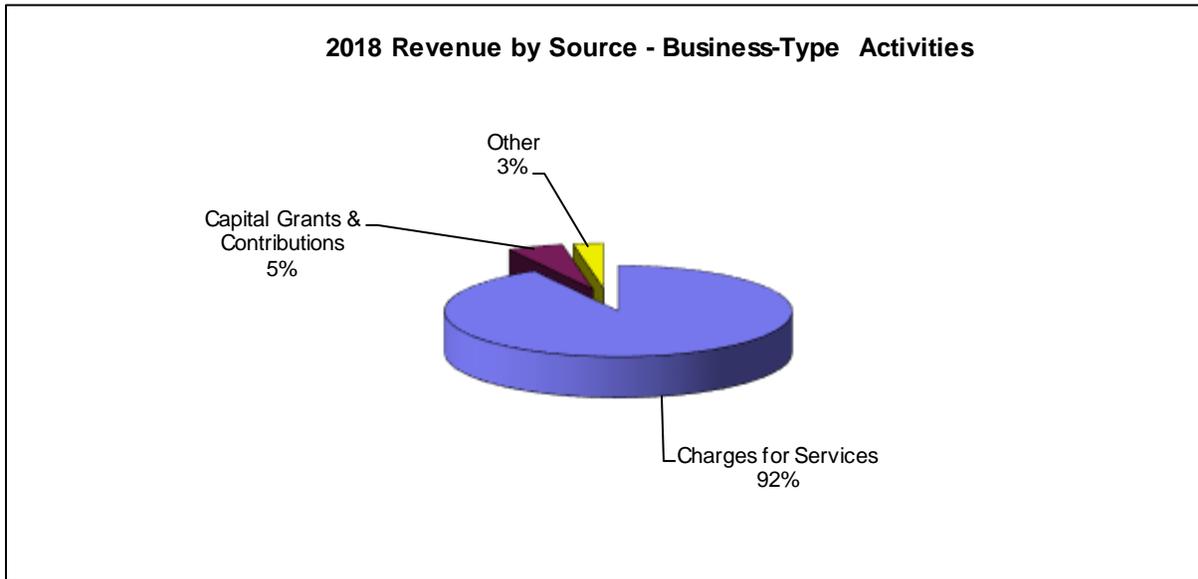
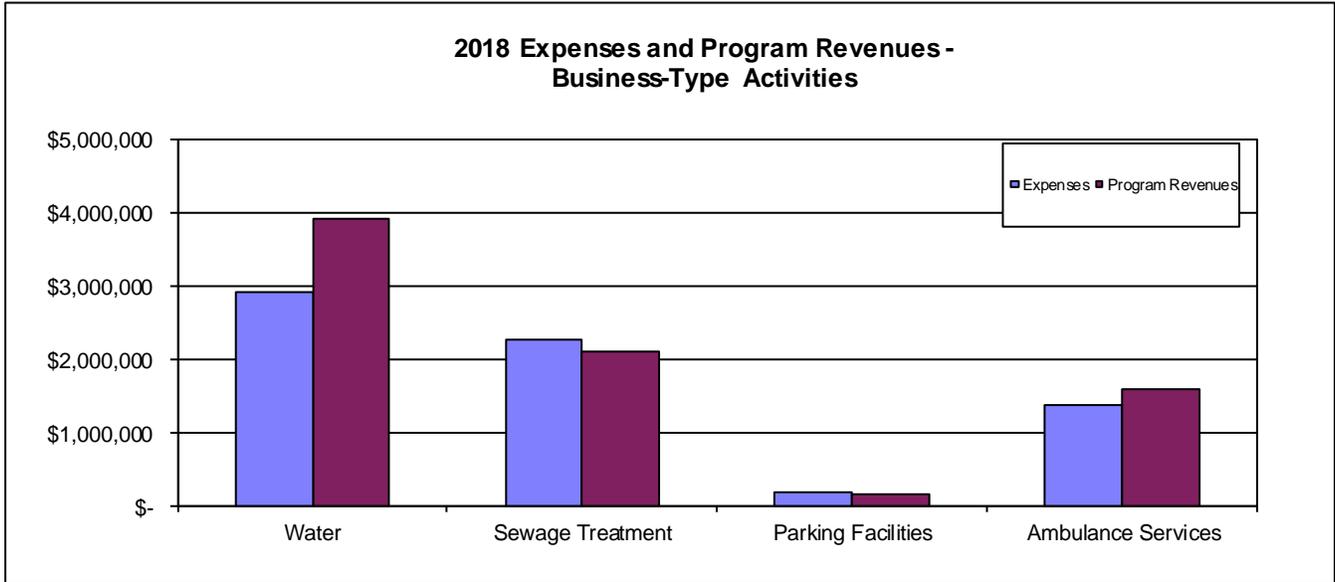
A review of the statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The following charts draw data from the statement of activities.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**



As shown above, the City is highly dependent on property taxes (65%) as its principal source of revenues for governmental activities. Program revenues represent 26% of governmental activities revenue.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**



In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (92%) 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, 2018**

**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, 2018, the City's governmental funds reported combined ending fund balances of \$13,768,201, a decrease of \$2,436,194 from the previous year, which is primarily a result of unspent debt proceeds in the capital projects fund at the end of the prior year, that were spent in the current year. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/2018					Total	Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds:							
General Fund	\$ 53,827	\$ -	\$ -	\$ 515,075	\$ 6,245,948	\$ 6,814,850	\$ 1,020,265
Impact Fees Fund	-	1,451,704	-	-	-	1,451,704	(82,536)
Debt Service Fund	-	79,441	-	-	-	79,441	(165,389)
Capital Projects Fund	-	1,653,995	1,076,554	-	-	2,730,549	(3,308,838)
Nonmajor Funds:							
Room Tax Fund	-	-	134,992	-	-	134,992	1,521
Sewer Collection System Replacement Fund	-	-	1,076,512	-	-	1,076,512	67,632
Parks Dedication Fees Fund	-	615,098	-	-	-	615,098	84,001
Police Donations Fund	-	21,921	-	-	-	21,921	(2,809)
Police Drug Forfeitures Fund	-	1,320	-	-	-	1,320	21
Business Park Revolving Loan Fund	-	561,727	-	-	-	561,727	9,134
Storm Water MS-4 Fund	-	156,262	-	-	-	156,262	4,567
Storm Water Fund	-	221,856	-	-	-	221,856	10,040
Tax Incremental District #5 Fund	-	-	-	-	(57,955)	(57,955)	(33,727)
Tax Incremental District #6 Fund	-	-	-	-	(40,076)	(40,076)	(40,076)
	<u>\$ 53,827</u>	<u>\$ 4,763,324</u>	<u>\$ 2,288,058</u>	<u>\$ 515,075</u>	<u>\$ 6,147,917</u>	<u>\$ 13,768,201</u>	<u>\$ (2,436,194)</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 74.9% of total general fund expenditures and other financing uses reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance represented 68.6% of the same amount. The City has assigned \$515,075 of its general fund balance which combined with the year-end unassigned balance (\$6,245,948), represented 74.3% of that same amount.

The general fund's total fund balance increased \$1,020,265 during the year, which is primarily due to proceeds from the sale of City property and most expenditures ending under budget.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

The impact fees fund, a special revenue fund, had a balance of \$1,451,704 at December 31, 2018. 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 2018, the City refunded \$136,216 of impact fees that had not been expended within the time limit.

The debt service fund had a fund balance of \$79,441 at December 31, 2018. This is a decrease of \$165,389.

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, 2018, was \$2,730,549.

The aggregated other governmental funds column includes various special revenue 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 \$100,304 during 2018. 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, 2018**

**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 2018 totaled \$45,298,911, up \$687,153 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, 2018 and 2017**

	Water Utility		Sewer Utility		Parking Utility		Ambulance Service		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating Revenues	\$ 3,744,719	\$ 2,960,626	\$ 1,858,463	\$ 1,520,730	\$ 154,951	\$ 174,946	\$ 1,588,106	\$ 1,395,320	\$ 7,346,239	\$ 6,051,622
Operating Expenses:										
Depreciation	873,056	759,348	446,952	440,585	43,799	43,799	92,357	86,583	1,456,164	1,330,315
Other	2,004,002	2,382,868	1,811,981	1,712,693	145,440	154,202	1,278,552	1,213,974	5,239,975	5,463,737
Operating Income (Loss)	867,661	(181,590)	(400,470)	(632,548)	(34,288)	(23,055)	217,197	94,763	650,100	(742,430)
Nonoperating Revenues (Expenses)	59,621	64,172	351,763	443,294	7,511	5,340	17,842	10,211	436,737	523,017
Net Income (Loss) Before										
Contributions and Transfers	927,282	(117,418)	(48,707)	(189,254)	(26,777)	(17,715)	235,039	104,974	1,086,837	(219,413)
Capital Contributions	167,732	443,194	-	-	-	-	-	-	167,732	443,194
Transfers to Other Funds	(506,341)	(468,041)	(61,075)	(60,901)	-	-	-	-	(567,416)	(528,942)
Changes in Net Position	588,673	(142,265)	(109,782)	(250,155)	(26,777)	(17,715)	235,039	104,974	687,153	(305,161)
Net Position - Beginning	30,442,650	30,584,915	11,387,262	11,637,417	1,708,973	1,726,688	1,235,804	1,130,830	44,774,689	45,079,850
Change in Accounting Principle	(54,867)	-	(47,757)	-	(14,988)	-	(45,319)	-	(162,931)	-
Net Position - Beginning (Restated)	30,387,783	30,584,915	11,339,505	11,637,417	1,693,985	1,726,688	1,190,485	1,130,830	44,611,758	45,079,850
Net Position - End of Year	\$ 30,976,456	\$ 30,442,650	\$ 11,229,723	\$ 11,387,262	\$ 1,667,208	\$ 1,708,973	\$ 1,425,524	\$ 1,235,804	\$ 45,298,911	\$ 44,774,689

The water utility had operating income of \$867,661 in 2018. 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 \$400,470 in 2018 and had an overall negative change in net position of \$109,782 for current year activities. 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). The City also provides EMS services to other local units of government on a contracted basis. The City and other local units provide contract payments to the fund to help recover costs of the service.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

As shown in the *Budgetary Comparison Schedule* for the general fund (in required supplementary information), the final 2018 general fund budget was modified by the City Council. The general fund balance increased during 2018 by \$1,020,265, which was a \$1,087,365 favorable variance from the final budget. The City ended the year with a favorable variance between actual amounts and budget amounts for both revenues and expenditures of \$244,168 (2.8%) and \$287,603 (3.1%), respectively.

The favorable expenditure variance is due to a number of expenditure accounts being under budget.

**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, 2018 and 2017 was as shown below:

**Capital Assets, Net of Accumulated Depreciation  
December 31, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Not Subject to Depreciation:						
Land and Land Rights	\$ 8,515,591	\$ 9,057,585	\$ 1,027,280	\$ 1,027,280	\$ 9,542,871	\$ 10,084,865
Construction Work in Progress	533,986	92,325	115,069	2,510,080	649,055	2,602,405
Subject to Depreciation:						
Buildings and Improvements	7,119,836	7,024,646	-	-	7,119,836	7,024,646
Land Improvements	2,748,020	2,748,020	-	-	2,748,020	2,748,020
Equipment and Vehicles	9,630,537	8,502,153	-	-	9,630,537	8,502,153
Infrastructure	89,401,571	88,825,265	-	-	89,401,571	88,825,265
Water System Plant	-	-	39,789,276	35,446,082	39,789,276	35,446,082
Sewage Treatment Plant	-	-	13,098,986	13,063,984	13,098,986	13,063,984
Parking Utility	-	-	1,058,970	1,058,970	1,058,970	1,058,970
Ambulance Service	-	-	1,143,816	1,127,079	1,143,816	1,127,079
Subtotal	117,949,541	116,249,994	56,233,397	54,233,475	174,182,938	170,483,469
Accumulated Depreciation	68,926,341	67,175,116	22,978,521	22,025,180	91,904,862	89,200,296
	\$ 49,023,200	\$ 49,074,878	\$ 33,254,876	\$ 32,208,295	\$ 82,278,076	\$ 81,283,173

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

**Capital Assets (Continued)**

The additions to the City's capital assets during 2018 can be summarized as follows: *(in thousands)*

- Utility Infrastructure \$2,262.0
- City Infrastructure (including storm water) 1,401.4
- Aerial Fire Truck 979.4

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, 2018, the City had outstanding \$18,998,966 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, 2018 and 2017**

	Governmental Activities	Business-Type Activities	Outstanding 2018	Outstanding 2017	% Change
Long-Term Debt:					
General Obligation Debt	\$ 15,579,100	\$ 820,000	\$ 16,399,100	\$ 18,484,600	-11.3
Unamortized Debt Discount	(1,095)	-	(1,095)	(1,844)	-40.6
Unamortized Debt Premium	412,350	7,403	419,753	501,146	-16.2
Sewer Revenue Bonds	-	-	-	208,681	-100
Water Revenue Bonds	-	1,674,680	1,674,680	491,041	241
Subtotal	15,990,355	2,502,083	18,492,438	19,683,624	-6.1
Other Long-Term Obligations:					
Estimated Employee Leave	412,849	93,679	506,528	505,416	0.2
Total	<u>\$ 16,403,204</u>	<u>\$ 2,595,762</u>	<u>\$ 18,998,966</u>	<u>\$ 20,189,040</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, 2018 totaled \$16,399,100, approximately 17% of the maximum legal limit of \$94,742,215.

The City issued \$1,244,586 of water system mortgage revenue bonds in 2018.

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, 2018**

**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, 2018**

	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	\$ 15,253,227	\$ 11,013,871	\$ 26,267,098	\$ 374,374	\$ 2,450,599	\$ 1,066,735
Taxes Receivable	8,246,105	138,067	8,384,172	-	-	-
Special Assessments Receivable	52,063	-	52,063	-	-	-
Specials and Delinquents Held by County	11,068	-	11,068	-	-	-
Accounts Receivable	263,514	1,406,599	1,670,113	264	122,450	60,495
Due from Other Governmental Units	914,106	85,277	999,383	-	-	-
Prepayments	26,171	670	26,841	2,169	593	-
Inventories	-	26,263	26,263	-	-	-
Internal Balances	23,811	(23,811)	-	-	-	-
Restricted Assets:						
Cash and Investments	-	2,607,062	2,607,062	-	-	-
Wisconsin Retirement System Net Pension Asset	926,157	276,936	1,203,093	43,595	-	11,356
Capital Assets:						
Capital Assets Not Being Depreciated	9,049,577	1,142,349	10,191,926	-	1,158,508	-
Capital Assets Being Depreciated	108,899,964	55,091,048	163,991,012	1,117,106	82,725	233,970
Accumulated Depreciation	(68,926,341)	(22,978,521)	(91,904,862)	(330,355)	(46,851)	(129,496)
Total Assets	<u>74,739,422</u>	<u>48,785,810</u>	<u>123,525,232</u>	<u>1,207,153</u>	<u>3,768,024</u>	<u>1,243,060</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Wisconsin Retirement System Pension Plan Related	1,726,847	516,355	2,243,202	81,285	-	21,174
Other Postemployment Benefits Related	51,618	17,207	68,825	5,475	-	782
State Life Insurance Other Postemployment Benefits Related	28,353	10,038	38,391	3,035	-	360
Total Deferred Outflows of Resources	<u>1,806,818</u>	<u>543,600</u>	<u>2,350,418</u>	<u>89,795</u>	<u>-</u>	<u>22,316</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2018**

	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	\$ 949,887	\$ 326,216	\$ 1,276,103	\$ 2,010	\$ 18,366	\$ 1,025
Construction Contracts Payable	62,394	-	62,394	-	-	-
Accrued Interest Payable	87,945	10,517	98,462	-	-	-
Payroll Withholdings	69,568	-	69,568	-	-	-
Accrued Wages	107,642	51,614	159,256	14,026	-	2,265
Due to Other Governmental Units	2,140	42,214	44,354	20	-	-
Unearned Revenues	3,317	6,704	10,021	-	600	-
Special Deposits	188,838	-	188,838	-	-	-
Security Deposit	-	125	125	-	-	-
Noncurrent Liabilities:						
Total Other Postemployment Benefits Liability	1,131,113	377,037	1,508,150	119,967	-	17,138
State Life Insurance Net Other Postemployment Benefits Liability	198,236	70,178	268,414	21,218	-	2,520
Amounts Due Within One Year	2,446,949	208,669	2,655,618	18,870	-	18,078
Amounts Due in More than One Year	13,956,255	2,387,093	16,343,348	-	-	-
Total Liabilities	<u>19,204,284</u>	<u>3,480,367</u>	<u>22,684,651</u>	<u>176,111</u>	<u>18,966</u>	<u>41,026</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Subsequent Year's Property Taxes	8,782,226	-	8,782,226	-	-	-
Wisconsin Retirement System Pension Plan Related	1,836,496	549,143	2,385,639	86,446	-	22,518
State Life Insurance Other Postemployment Benefits Related	2,793	989	3,782	299	-	36
Total Deferred Inflows of Resources	<u>10,621,515</u>	<u>550,132</u>	<u>11,171,647</u>	<u>86,745</u>	<u>-</u>	<u>22,554</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	34,686,840	31,631,375	66,318,215	767,881	1,194,382	86,396
Restricted for:						
Debt Service	818,559	-	818,559	-	-	-
Asset Replacement	-	1,871,510	1,871,510	-	-	-
Capital Projects	2,066,802	74,014	2,140,816	-	-	-
Economic Development Loan Programs	561,727	-	561,727	-	-	-
Pension Plan	926,157	276,936	1,203,093	-	-	-
Other Purposes	401,359	661,538	1,062,897	266,211	2,554,676	1,115,400
Unrestricted	<u>7,258,997</u>	<u>10,783,538</u>	<u>18,042,535</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 46,720,441</u>	<u>\$ 45,298,911</u>	<u>\$ 92,019,352</u>	<u>\$ 1,034,092</u>	<u>\$ 3,749,058</u>	<u>\$ 1,201,796</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges	Operating	Capital	Primary Government			Component Units		
		For	Grants and	Grants and	Governmental	Business-Type	Totals	Joint	St Croix	Community
	Services	Contributions	Contributions	Activities	Activities		Library	Business Park	Access Board	
<b>Primary Government:</b>										
Governmental Activities:										
General Government	\$ 1,948,870	\$ 218,520	\$ -	\$ -	\$ (1,730,350)	\$ -	\$ (1,730,350)	\$ -	\$ -	\$ -
Public Safety	5,183,484	957,946	97,200	16,171	(4,112,167)	-	(4,112,167)	-	-	-
Public Works	3,908,632	381,654	768,239	225,222	(2,533,517)	-	(2,533,517)	-	-	-
Health and Social Services	16,231	6,261	-	-	(9,970)	-	(9,970)	-	-	-
Culture, Recreation and Education	1,562,075	100,754	94,576	-	(1,366,745)	-	(1,366,745)	-	-	-
Conservation and Development	1,198,942	-	500,000	-	(698,942)	-	(698,942)	-	-	-
Interest and Fiscal Charges	396,738	-	-	-	(396,738)	-	(396,738)	-	-	-
Total Governmental Activities	14,214,972	1,665,135	1,460,015	241,393	(10,848,429)	-	(10,848,429)	-	-	-
Business-Type Activities:										
Water	2,923,157	3,744,719	-	167,732	-	989,294	989,294	-	-	-
Sewage Treatment	2,260,916	1,858,463	-	246,326	-	(156,127)	(156,127)	-	-	-
Parking Facilities	189,239	154,951	-	-	-	(34,288)	(34,288)	-	-	-
Ambulance Services	1,372,192	1,588,106	13,212	-	-	229,126	229,126	-	-	-
Total Business-Type Activities	6,745,504	7,346,239	13,212	414,058	-	1,028,005	1,028,005	-	-	-
Total Primary Government	\$ 20,960,476	\$ 9,011,374	\$ 1,473,227	\$ 655,451	(10,848,429)	1,028,005	(9,820,424)	-	-	-
<b>Component Units:</b>										
Joint Library	\$ 909,135	\$ 460,761	\$ 348,750	\$ -	-	-	(99,624)	-	-	-
St Croix Business Park	36,340	-	86,711	-	-	-	-	50,371	-	-
Community Access Board	223,703	239,774	-	-	-	-	-	-	-	16,071
Total Component Units	\$ 1,169,178	\$ 700,535	\$ 435,461	\$ -	-	-	(99,624)	50,371	-	16,071
General Revenues:										
Taxes:										
Property Taxes, Levied for General Purposes					6,157,140	-	6,157,140	-	-	-
Property Taxes, Levied for Debt Purposes					2,350,607	-	2,350,607	-	-	-
Other Taxes					296,122	-	296,122	-	-	-
State and Federal Aids not Restricted to Specific Functions					253,481	-	253,481	-	-	-
Interest and Investment Earnings					287,135	225,266	512,401	8,297	21,825	16,951
Other Interest Revenue					57,215	-	57,215	-	-	-
Sale of Property					-	1,298	1,298	-	-	517
Miscellaneous					294,533	-	294,533	51,502	112,985	1,470
Transfers					567,416	(567,416)	-	-	-	-
Total General Revenues and Transfers					10,263,649	(340,852)	9,922,797	59,799	134,810	18,938
<b>Change in Net Position</b>					(584,780)	687,153	102,373	(39,825)	185,181	35,009
Net Position - Beginning of Year					47,716,469	44,774,689	92,491,158	1,159,700	3,563,877	1,169,208
Change in Accounting Principle					(411,248)	(162,931)	(574,179)	(85,783)	-	(2,421)
Net Position - Beginning of Year - As Restated					47,305,221	44,611,758	91,916,979	1,073,917	3,563,877	1,166,787
<b>Net Position - End of Year</b>					\$ 46,720,441	\$ 45,298,911	\$ 92,019,352	\$ 1,034,092	\$ 3,749,058	\$ 1,201,796

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
<b>ASSETS</b>						
Treasurer's Cash and Investments	\$ 7,664,952	\$ 1,452,771	\$ 79,441	\$ 2,980,631	\$ 3,075,432	\$ 15,253,227
Taxes Receivable	5,872,599	-	2,341,400	28,789	3,317	8,246,105
Special Assessments Receivable	-	-	-	52,063	-	52,063
Specials and Delinquents Held by County	-	-	-	11,068	-	11,068
Accounts Receivable	110,694	-	-	325	152,495	263,514
Due from Other Governments	87,852	-	775,000	-	51,254	914,106
Due from Other Funds	36,166	-	-	-	-	36,166
Advances to Other Funds	23,811	-	-	-	-	23,811
Prepayments	26,171	-	-	-	-	26,171
<b>Total Assets</b>	<b>\$ 13,822,245</b>	<b>\$ 1,452,771</b>	<b>\$ 3,195,841</b>	<b>\$ 3,072,876</b>	<b>\$ 3,282,498</b>	<b>\$ 24,826,231</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Vouchers and Accounts Payable	\$ 199,508	\$ -	\$ -	\$ 199,081	\$ 551,298	\$ 949,887
Construction Contracts Payable	-	-	-	62,394	-	62,394
Payroll Withholdings	69,568	-	-	-	-	69,568
Accrued Wages	107,582	-	-	-	60	107,642
Due Other Governmental Units	2,140	-	-	-	-	2,140
Due to Other Funds	-	-	-	-	36,166	36,166
Unearned Revenues	-	-	-	-	3,317	3,317
Special Deposits	187,771	1,067	-	-	-	188,838
<b>Total Liabilities</b>	<b>566,569</b>	<b>1,067</b>	<b>-</b>	<b>261,475</b>	<b>590,841</b>	<b>1,419,952</b>
<b>Deferred Inflows of Resources:</b>						
Subsequent Year's Property Taxes	6,440,826	-	2,341,400	-	-	8,782,226
Unavailable Revenues - Special Assessments	-	-	-	80,852	-	80,852
Unavailable Revenues - Other	-	-	775,000	-	-	775,000
<b>Total Deferred Inflows of Resources</b>	<b>6,440,826</b>	<b>-</b>	<b>3,116,400</b>	<b>80,852</b>	<b>-</b>	<b>9,638,078</b>
<b>Fund Balances:</b>						
Nonspendable	53,827	-	-	-	-	53,827
Restricted	-	1,451,704	79,441	1,653,995	1,578,184	4,763,324
Committed	-	-	-	1,076,554	1,211,504	2,288,058
Assigned	515,075	-	-	-	-	515,075
Unassigned	6,245,948	-	-	-	(98,031)	6,147,917
<b>Total Fund Balances</b>	<b>6,814,850</b>	<b>1,451,704</b>	<b>79,441</b>	<b>2,730,549</b>	<b>2,691,657</b>	<b>13,768,201</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 13,822,245</b>	<b>\$ 1,452,771</b>	<b>\$ 3,195,841</b>	<b>\$ 3,072,876</b>	<b>\$ 3,282,498</b>	<b>\$ 24,826,231</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, 2018**

**Total Fund Balances - Governmental Funds** \$ 13,768,201

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		533,986	
Land Improvements		2,748,020	
Buildings and Improvements		7,119,836	
Machinery/Equipment		9,630,537	
Infrastructure		89,401,571	
Accumulated Depreciation		<u>(68,926,341)</u>	49,023,200

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 855,852

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)		926,157	
Deferred Outflows of Resources		1,726,847	
Deferred Inflows of Resources		<u>(1,836,496)</u>	816,508

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		(198,236)	
Deferred Outflows of Resources		28,353	
Deferred Inflows of Resources		<u>(2,793)</u>	(172,676)

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		(1,131,113)	
Deferred Outflows of Resources		<u>51,618</u>	(1,079,495)

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		15,579,100	
Accrued Interest on Long-Term Debt		87,945	
Employee Leave Liability		<u>412,849</u>	(16,079,894)

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		(412,350)	
Unamortized Debt Discount		<u>1,095</u>	<u>(411,255)</u>

**Net Position of Governmental Activities** **\$ 46,720,441**

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
<b>REVENUES:</b>						
Taxes	\$ 6,168,238	\$ -	\$ 2,350,607	\$ -	\$ 285,024	\$ 8,803,869
Special Assessments	-	-	68,316	102,720	-	171,036
Intergovernmental	1,061,683	-	-	-	551,254	1,612,937
Licenses and Permits	421,229	28,499	-	-	-	449,728
Fines and Forfeits	122,701	-	-	-	-	122,701
Public Charges for Services	127,554	-	-	-	377,250	504,804
Intergovernmental Charges for Services	616,401	-	-	-	-	616,401
Miscellaneous:						
Interest	122,314	25,181	69,755	83,621	44,810	345,681
Rent	147,942	-	-	-	-	147,942
Donations	1,072	-	-	-	-	1,072
Other	175,019	-	-	5,000	117,230	297,249
Total Revenues	<u>8,964,153</u>	<u>53,680</u>	<u>2,488,678</u>	<u>191,341</u>	<u>1,375,568</u>	<u>13,073,420</u>
<b>EXPENDITURES:</b>						
General Government	1,636,083	-	-	-	-	1,636,083
Public Safety	4,655,386	-	-	-	25,354	4,680,740
Transportation Facilities	1,551,103	-	-	-	341,757	1,892,860
Sanitation	15,704	-	-	-	1,372	17,076
Health and Social Services	16,231	-	-	-	-	16,231
Culture, Recreation and Education	773,136	-	-	-	305,261	1,078,397
Conservation and Development:						
General Operations	399,630	-	-	-	575,437	975,067
Refunds	-	136,216	-	-	-	136,216
Capital Outlay	-	-	-	3,540,710	-	3,540,710
Debt Service:						
Principal Retirement	-	-	2,045,500	-	-	2,045,500
Interest and Fiscal Charges	-	-	560,328	-	-	560,328
Total Expenditures	<u>9,047,273</u>	<u>136,216</u>	<u>2,605,828</u>	<u>3,540,710</u>	<u>1,249,181</u>	<u>16,579,208</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, 2018**

	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>	<u>\$ (83,120)</u>	<u>\$ (82,536)</u>	<u>\$ (117,150)</u>	<u>\$ (3,349,369)</u>	<u>\$ 126,387</u>	<u>\$ (3,505,788)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from Sale of Property	502,178	-	-	-	-	502,178
Transfers In	652,416	-	77,292	125,531	-	855,239
Transfers Out	(51,209)	-	(125,531)	(85,000)	(26,083)	(287,823)
Total Other Financing Sources (Uses)	<u>1,103,385</u>	<u>-</u>	<u>(48,239)</u>	<u>40,531</u>	<u>(26,083)</u>	<u>1,069,594</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,020,265	(82,536)	(165,389)	(3,308,838)	100,304	(2,436,194)
Fund Balances, January 1	<u>5,794,585</u>	<u>1,534,240</u>	<u>244,830</u>	<u>6,039,387</u>	<u>2,591,353</u>	<u>16,204,395</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u><u>\$ 6,814,850</u></u>	<u><u>\$ 1,451,704</u></u>	<u><u>\$ 79,441</u></u>	<u><u>\$ 2,730,549</u></u>	<u><u>\$ 2,691,657</u></u>	<u><u>\$ 13,768,201</u></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, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ (2,436,194)

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

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	\$ 3,529,468	
Depreciation Expense Reported in the Statement of Activities	<u>(3,025,280)</u>	504,188

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. (555,866)

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. (103,833)

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	(90,259)	
Net OPEB Liability and Related Items - Multiple Employer Plan	<u>(19,427)</u>	(109,686)

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. (73,914)

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		2,045,500
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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	83,766	
Amortization of Debt Premium	80,573	
Amortization of Debt Discount	(749)	
Net Change in Accrued Employee Leave	<u>(18,565)</u>	<u>145,025</u>

Change in Net Position of Governmental Activities \$ (584,780)

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2018**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 5,380,008	\$ 4,450,297	\$ 381,769	\$ 801,797	\$ 11,013,871
Accounts Receivable:					
Customer/Patient	729,585	390,313	10,569	423,021	1,553,488
Accounts Receivable on Tax Roll	75,542	62,525	-	-	138,067
Allowance for Doubtful Accounts	-	-	-	(255,624)	(255,624)
Other	60,025	22,066	26,644	-	108,735
Due from Other Governmental Units	24,023	61,254	-	-	85,277
Prepayments	370	-	-	300	670
Inventories	26,263	-	-	-	26,263
Total Current Assets	<u>6,295,816</u>	<u>4,986,455</u>	<u>418,982</u>	<u>969,494</u>	<u>12,670,747</u>
<b>Restricted Assets:</b>					
Cash and Investments:					
Debt Service/Asset Replacement	74,014	1,871,510	-	-	1,945,524
Carmichael Impact Assessments	661,538	-	-	-	661,538
Wisconsin Retirement System Net Pension Asset	103,363	64,510	8,443	100,620	276,936
Total Restricted Assets	<u>838,915</u>	<u>1,936,020</u>	<u>8,443</u>	<u>100,620</u>	<u>2,883,998</u>
<b>Capital Assets:</b>					
Property and Plant in Service	39,926,138	13,228,842	1,819,532	1,143,816	56,118,328
Accumulated Provision for Depreciation	13,210,125	8,638,680	553,478	576,238	22,978,521
Net Utility Plant in Service	26,716,013	4,590,162	1,266,054	567,578	33,139,807
Construction Work in Progress	115,069	-	-	-	115,069
Total Capital Assets	<u>26,831,082</u>	<u>4,590,162</u>	<u>1,266,054</u>	<u>567,578</u>	<u>33,254,876</u>
<b>Total Assets</b>	<u>33,965,813</u>	<u>11,512,637</u>	<u>1,693,479</u>	<u>1,637,692</u>	<u>48,809,621</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Wisconsin Retirement System Pension Plan Related	192,724	120,281	15,741	187,609	516,355
Other Postemployment Benefits Related	7,039	4,693	782	4,693	17,207
State Life Insurance Other Postemployment Benefits Related	4,649	3,340	-	2,049	10,038
Total Deferred Outflows of Resources	<u>204,412</u>	<u>128,314</u>	<u>16,523</u>	<u>194,351</u>	<u>543,600</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION (CONTINUED)  
PROPRIETARY FUNDS  
DECEMBER 31, 2018**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>LIABILITIES</b>					
Current Liabilities:					
Vouchers and Accounts Payable	\$ 193,555	\$ 102,855	\$ 5,365	\$ 24,441	\$ 326,216
Due to Other Governmental Units	15,249	26,543	422	-	42,214
Accrued Employee Liabilities	60,700	16,688	1,725	14,566	93,679
Accrued Wages	19,500	10,716	1,278	20,120	51,614
Advances from Other Funds	-	-	-	23,811	23,811
Unearned Revenue	-	-	-	6,704	6,704
Security Deposit	-	-	125	-	125
Total Current Liabilities	<u>289,004</u>	<u>156,802</u>	<u>8,915</u>	<u>89,642</u>	<u>544,363</u>
<b>Current Liabilities Payable from Restricted Assets:</b>					
Accrued Interest Payable	10,517	-	-	-	10,517
Current Portion of Long-Term Debt	40,000	-	-	-	40,000
Current Portion of Revenue Bonds	74,990	-	-	-	74,990
Total Current Liabilities Payable from Restricted Assets	<u>125,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,507</u>
<b>Long-Term Liabilities (Less Current Portion):</b>					
Total Other Postemployment Benefits Liability	154,243	102,828	17,138	102,828	377,037
State Life Insurance Net Other Postemployment Benefits Liability	32,503	23,350	-	14,325	70,178
Long-Term Debt	787,403	-	-	-	787,403
Mortgage Revenue Bonds	1,599,690	-	-	-	1,599,690
Total Long-Term Liabilities	<u>2,573,839</u>	<u>126,178</u>	<u>17,138</u>	<u>117,153</u>	<u>2,834,308</u>
Total Liabilities	<u>2,988,350</u>	<u>282,980</u>	<u>26,053</u>	<u>206,795</u>	<u>3,504,178</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Wisconsin Retirement System Pension Plan Related	204,961	127,919	16,741	199,522	549,143
State Life Insurance Other Postemployment Benefits Related	458	329	-	202	989
Total Deferred Inflows of Resources	<u>205,419</u>	<u>128,248</u>	<u>16,741</u>	<u>199,724</u>	<u>550,132</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	25,231,392	4,590,162	1,266,054	543,767	31,631,375
Restricted for:					
Unspent Debt Proceeds for Capital Projects	74,014	-	-	-	74,014
Impact Assessments	661,538	-	-	-	661,538
Asset Replacement	-	1,871,510	-	-	1,871,510
Wisconsin Retirement System Pension Plan	103,363	64,510	8,443	100,620	276,936
Unrestricted	4,906,149	4,703,541	392,711	781,137	10,783,538
Total Net Position	<u>\$ 30,976,456</u>	<u>\$ 11,229,723</u>	<u>\$ 1,667,208</u>	<u>\$ 1,425,524</u>	<u>\$ 45,298,911</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, 2018**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 3,239,631	\$ 1,825,719	\$ 150,761	\$ 1,106,802	\$ 6,322,913
Intergovernmental Contracts	-	-	-	474,394	474,394
Grants and Subsidies	-	-	-	6,910	6,910
Other	505,088	32,744	4,190	-	542,022
<b>Total Operating Revenues</b>	<u>3,744,719</u>	<u>1,858,463</u>	<u>154,951</u>	<u>1,588,106</u>	<u>7,346,239</u>
<b>OPERATING EXPENSES:</b>					
Operation and Maintenance	2,004,002	1,811,981	145,440	1,278,552	5,239,975
Depreciation	873,056	446,952	43,799	92,357	1,456,164
<b>Total Operating Expenses</b>	<u>2,877,058</u>	<u>2,258,933</u>	<u>189,239</u>	<u>1,370,909</u>	<u>6,696,139</u>
<b>OPERATING INCOME (LOSS)</b>	<u>867,661</u>	<u>(400,470)</u>	<u>(34,288)</u>	<u>217,197</u>	<u>650,100</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment Earnings	104,422	107,420	7,511	5,913	225,266
Hook-up Fees	-	246,326	-	-	246,326
Donations/Other	-	-	-	13,212	13,212
Interest Expense	(46,919)	(1,983)	-	(1,283)	(50,185)
Amortization of Debt Discount and Expense	820	-	-	-	820
Gain/Loss on Sale of Capital Assets	1,298	-	-	-	1,298
<b>Total Nonoperating Revenues (Expenses)</b>	<u>59,621</u>	<u>351,763</u>	<u>7,511</u>	<u>17,842</u>	<u>436,737</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>927,282</u>	<u>(48,707)</u>	<u>(26,777)</u>	<u>235,039</u>	<u>1,086,837</u>
<b>CAPITAL CONTRIBUTIONS:</b>					
Plant Contributed by Developers	20,442	-	-	-	20,442
Impact Fees Applied	147,290	-	-	-	147,290
<b>Total Capital Contributions</b>	<u>167,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,732</u>
<b>TRANSFERS:</b>					
Transfer to General Fund	(506,341)	(61,075)	-	-	(567,416)
<b>CHANGE IN NET POSITION</b>	<u>588,673</u>	<u>(109,782)</u>	<u>(26,777)</u>	<u>235,039</u>	<u>687,153</u>
Net Position, January 1	30,442,650	11,387,262	1,708,973	1,235,804	44,774,689
Change in Accounting Principle	(54,867)	(47,757)	(14,988)	(45,319)	(162,931)
Net Position, January 1 - Restated	<u>30,387,783</u>	<u>11,339,505</u>	<u>1,693,985</u>	<u>1,190,485</u>	<u>44,611,758</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 30,976,456</u>	<u>\$ 11,229,723</u>	<u>\$ 1,667,208</u>	<u>\$ 1,425,524</u>	<u>\$ 45,298,911</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	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	\$ 2,977,013	\$ 1,850,070	\$ 102,625	\$ 1,067,835	\$ 5,997,543
Cash Received for Public Fire Protection	572,467	-	-	-	572,467
Cash Received (Paid) for Sewer Share of Meter Related Expense	162,205	(162,205)	-	-	-
Cash Received from Government Subsidies/ Contracts/Grants	-	7,994	-	481,098	489,092
Cash Received from Parking Forfeitures	-	-	62,047	-	62,047
Cash Paid for City/Village Surcharges	-	(89,030)	-	-	(89,030)
Cash Payments to Suppliers for Goods and Services	(1,455,921)	(907,162)	(47,517)	(329,600)	(2,740,200)
Cash Payments for Employee Services	(1,015,998)	(702,303)	(93,964)	(948,928)	(2,761,193)
Net Cash Provided by (Used for) Operating Activities	<u>1,239,766</u>	<u>(2,636)</u>	<u>23,191</u>	<u>270,405</u>	<u>1,530,726</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash Donations Received	-	-	-	13,212	13,212
Cash Payments of Tax Equivalent to General Fund	(506,341)	(61,075)	-	-	(567,416)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(506,341)</u>	<u>(61,075)</u>	<u>-</u>	<u>13,212</u>	<u>(554,204)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Cash Payments for Capital Assets	(2,117,622)	(35,002)	-	(111,689)	(2,264,313)
Cash Received for Salvage of Capital Assets	12,136	-	-	-	12,136
Cash Received for Hook-up Fees	-	246,326	-	-	246,326
Cash Received for Impact Fees	147,290	-	-	-	147,290
Cash Paid for Principal on Interfund Advance	-	-	-	(34,835)	(34,835)
Cash Paid for Interest on Interfund Advance	-	-	-	(1,283)	(1,283)
Cash Received from Issuance of Debt	1,244,586	-	-	-	1,244,586
Principal Paid on Long-Term Debt	(100,947)	(208,681)	-	-	(309,628)
Interest Paid on Long-Term Debt	(42,421)	(2,975)	-	-	(45,396)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(856,978)</u>	<u>(332)</u>	<u>-</u>	<u>(147,807)</u>	<u>(1,005,117)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Earnings on Investments	104,422	107,420	7,511	5,913	225,266
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	(19,131)	43,377	30,702	141,723	196,671
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>					
	<u>6,134,691</u>	<u>6,278,430</u>	<u>351,067</u>	<u>660,074</u>	<u>13,424,262</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>					
	<u>\$ 6,115,560</u>	<u>\$ 6,321,807</u>	<u>\$ 381,769</u>	<u>\$ 801,797</u>	<u>\$ 13,620,933</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	Business-Type Activities-Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 867,661	\$ (400,470)	\$ (34,288)	\$ 217,197	\$ 650,100
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Change in Pension Plan:					
Asset/Liability	(128,361)	(83,831)	(10,667)	(117,285)	(340,144)
Deferred Outflows of Resources	2,440	30,563	1,624	(57,499)	(22,872)
Deferred Inflows of Resources	125,658	66,625	9,685	146,653	348,621
Change in OPEB Plan:					
Asset/Liability	26,723	18,196	2,150	16,149	63,218
Deferred Outflows of Resources	(11,688)	(8,033)	(782)	(6,742)	(27,245)
Deferred Inflows of Resources	458	329	-	202	989
Depreciation	873,056	446,952	43,799	92,357	1,456,164
(Increase) Decrease in Assets:					
Customer/Patient Accounts Receivable	(58,500)	(62,413)	(10,569)	(104,691)	(236,173)
Accounts Receivable on Tax Roll	(8,449)	(9,686)	-	-	(18,135)
Other Accounts Receivable	(18,337)	(2,292)	19,872	-	(757)
Allowance for Uncollectible Accounts	-	-	-	72,798	72,798
Due from Other Governments	15,512	(18,559)	-	-	(3,047)
Prepayments	(370)	-	-	600	230
Inventories	1,788	-	-	-	1,788
Increase (Decrease) in Liabilities:					
Accounts Payable	(482,858)	22,895	976	9,604	(449,383)
Special Deposits	37,110	-	-	-	37,110
Accrued Wages	3,948	(271)	49	-	3,726
Accrued Employee Liabilities	(6,729)	(6,162)	924	1,268	(10,699)
Unearned Revenues	-	-	-	(206)	(206)
Due to Other Governmental Units	704	3,521	418	-	4,643
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,239,766</u>	<u>\$ (2,636)</u>	<u>\$ 23,191</u>	<u>\$ 270,405</u>	<u>\$ 1,530,726</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>					
Cash and Investments per Statement of Net Position:					
Cash and Investments	\$ 5,380,008	\$ 4,450,297	\$ 381,769	\$ 801,797	\$ 11,013,871
Cash and Investments - Restricted	735,552	1,871,510	-	-	2,607,062
Cash and Cash Equivalents	<u>\$ 6,115,560</u>	<u>\$ 6,321,807</u>	<u>\$ 381,769</u>	<u>\$ 801,797</u>	<u>\$ 13,620,933</u>
<b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Assets Financed through Customers and Developers	\$ 20,442	\$ -	\$ -	\$ -	\$ 20,442

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2018**

	Agency Funds
<b>ASSETS</b>	
Cash and Investments	\$ 1,778,264
Taxes Receivable	25,525,199
Total Assets	\$ 27,303,463
<b>LIABILITIES</b>	
Accounts Payable	\$ 11,624
Due Other Governmental Units:	
County / State	6,649,954
School District	19,921,480
Technical College	720,405
Total Liabilities	\$ 27,303,463

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018**

**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 non-exclusive 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, 2018

**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, 2018

**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:

**Tax Agency Fund** – The Tax Agency Fund is used to record the tax roll, including related collections and disbursements of such, for the City and underlying taxing jurisdictions within the City.

**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, 2018**

**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, 2018**

**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, 2018

**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. The resulting tax roll is recorded as receivable by the City at year end with amounts due other governmental units recorded as liabilities in the agency fund. 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 2018 tax roll are recognized as revenue in 2019.) 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, 2018**

**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 non-current 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, 2018**

**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 or governmental fund balance sheet. The City reports deferred outflows of resources for pension and OPEB related items.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018**

**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, 2018 for the Hudson Hockey Association totaling \$930,654.

**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, 2018**

**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. 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, 2018**

**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 the Tax Incremental District #6 funds had deficit balances at December 31, 2018 in the amount of \$57,955 and \$40,076, respectively. These deficits will be eliminated with future tax increment collections within each district.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City's cash and investments balances at December 31, 2018 are shown in the financial statements as follows:

Governmental Funds	\$ 15,253,227
Proprietary Funds	13,620,933
Fiduciary Funds	1,778,264
	<u>\$ 30,652,424</u>

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 6,215,925
Deposits in State Local Government Pooled-Investment Fund	5,158,111
Investments in Federal Agency Issuances	23,130,644
Investments in Money Market Account	38,102
Petty Cash	1,350
Total Cash and Investments	<u>34,544,132</u>
Less Amount Allocated to Component Units	<u>(3,891,708)</u>
	<u>\$ 30,652,424</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

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

**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, 2018, the City's deposits were not exposed to significant custodial credit risk.

**Investments**

The City's investments at December 31, 2018 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 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. 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 2018 was 27 days.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

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

**Investments (Continued)**

**U.S. Government Agencies and Instrumentalities Obligations.** The City's investments in these obligations at December 31, 2018 are summarized as follows:

Description	Totals	Investment Maturities (in years)			S & P Rating
		<1	1 to 3	3 to 5	
Debt Instruments:					
FNMA	\$ 5,590,770	\$ 4,473,170	\$ 1,117,600	\$ -	AA+/AAA
FHLMC	6,500,830	994,777	5,206,083	299,970	AA+/AAA
FHLB	5,934,344	751,580	3,947,779	1,234,985	AA+/AAA
FFCB	1,778,201	1,289,128	-	489,073	AA+/AAA
FAMCA	347,163	347,163	-	-	AA+/AAA
Loan/mortgage pools -					
GNMA	1,378	-	-	1,378	AA+/AAA
Municipal Bonds and Notes	2,977,958	1,354,685	861,157	762,116	AA-/AA
	<u>\$ 23,130,644</u>	<u>\$ 9,210,503</u>	<u>\$ 11,132,619</u>	<u>\$ 2,787,522</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, 2018**

**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>
U.S. Treasury Securities	\$ 20,151,308	\$ -	\$ -	\$ 20,151,308
Mortgage-backed Securities	1,378	-	-	1,378
Municipal Bonds and Notes	2,977,958	-	-	2,977,958
Total	<u>\$ 23,130,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,130,644</u>
Investments Measured at Amortized Cost - State LGIP Funds				5,158,111
Total Investments				<u>\$ 28,288,755</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

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

**1. Other Receivables**

Other accounts receivable at December 31, 2018 are further detailed as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Totals
Special Assessments	\$ -	\$ -	\$ 63,131	\$ -	\$ -	\$ 63,131
Accounts Receivable:						
General	110,694	-	325	152,495	108,735	372,249
Customers:						
Water	-	-	-	-	729,585	729,585
Sewer	-	-	-	-	390,313	390,313
Ambulance (net)	-	-	-	-	167,397	167,397
	<u>110,694</u>	<u>-</u>	<u>325</u>	<u>152,495</u>	<u>1,406,599</u>	<u>1,670,113</u>
Due From Other Governments	<u>87,852</u>	<u>775,000</u>	<u>-</u>	<u>51,254</u>	<u>85,277</u>	<u>999,383</u>
Totals	<u>\$ 198,546</u>	<u>\$ 775,000</u>	<u>\$ 63,456</u>	<u>\$ 203,749</u>	<u>\$ 1,491,876</u>	<u>\$ 2,732,627</u>

Accounts receivable of the ambulance service enterprise fund is reported net of an allowance for uncollectible accounts. Such allowance totaled \$255,624 at December 31, 2018.

**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
2018 Tax Roll Items:			
Property Taxes	\$ -	\$ 8,782,226	\$ 8,782,226
Special Assessments	28,789	-	28,789
Special Assessments - Future Years	52,063	-	52,063
Prepaid Special Assessments	-	3,317	3,317
Other	775,000	-	775,000
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 855,852</u>	<u>\$ 8,785,543</u>	<u>\$ 9,641,395</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**C. Capital Assets**

Capital assets activity for the year ended December 31, 2018 is shown below:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land, Easements and Right-of-Way	\$ 9,057,585	\$ -	\$ 541,994	\$ 8,515,591
Construction Work in Progress	92,325	634,933	193,272	533,986
Total Capital Assets Not Being Depreciated	9,149,910	634,933	735,266	9,049,577
Capital Assets Being Depreciated:				
Land Improvements	2,748,020	-	-	2,748,020
Buildings and Improvements	7,024,646	95,190	-	7,119,836
Machinery and Equipment	3,986,829	215,579	29,629	4,172,779
Licensed Vehicles	4,515,324	1,375,590	433,156	5,457,758
Infrastructure	88,825,265	1,401,448	825,142	89,401,571
Total Capital Assets Being Depreciated	107,100,084	3,087,807	1,287,927	108,899,964
Total Capital Assets	116,249,994	3,722,740	2,023,193	117,949,541
Accumulated Depreciation:				
Land Improvements	1,936,865	104,236	-	2,041,101
Buildings and Improvements	2,430,910	155,720	-	2,586,630
Machinery and Equipment	2,074,276	296,486	26,119	2,344,643
Licensed Vehicles	3,158,530	282,991	422,794	3,018,727
Infrastructure	57,574,535	2,185,847	825,142	58,935,240
Total Accumulated Depreciation	67,175,116	3,025,280	1,274,055	68,926,341
Net Capital Assets - Governmental Activities	\$ 49,074,878	\$ 697,460	\$ 749,138	\$ 49,023,200

Depreciation was charged to governmental functions as follows:

General Government	\$ 148,364
Public Safety	286,124
Public Works	2,409,553
Culture, Recreation and Education	179,185
Conservation and Development	2,054
	<u>\$ 3,025,280</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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	2,510,080	1,449,249	3,844,260	115,069
Total Capital Assets Not Being Depreciated	<u>2,646,942</u>	<u>1,449,249</u>	<u>3,844,260</u>	<u>251,931</u>
Capital Assets Being Depreciated:				
Source of Supply	1,342,566	530,828	-	1,873,394
Pumping Plant	2,244,164	66,545	7,500	2,303,209
Water Treatment	5,136,311	3,216,264	-	8,352,575
Transmission and Distribution	24,822,260	808,407	384,582	25,246,085
General Assets	1,900,781	138,232	25,000	2,014,013
Total Capital Assets Being Depreciated	<u>35,446,082</u>	<u>4,760,276</u>	<u>417,082</u>	<u>39,789,276</u>
Total Capital Assets	<u>38,093,024</u>	<u>6,209,525</u>	<u>4,261,342</u>	<u>40,041,207</u>
Accumulated Depreciation:				
Source of Supply	658,391	41,326	-	699,717
Pumping Plant	1,912,381	89,829	7,500	1,994,710
Water Treatment	2,529,191	220,758	-	2,749,949
Transmission and Distribution	6,692,650	466,133	378,221	6,780,562
General Assets	952,327	55,010	22,150	985,187
Total Accumulated Depreciation	<u>12,744,940</u>	<u>873,056</u>	<u>407,871</u>	<u>13,210,125</u>
Net Capital Assets - Water Utility	<u>25,348,084</u>	<u>5,336,469</u>	<u>3,853,471</u>	<u>26,831,082</u>
<b>Sewer Utility:</b>				
Capital Assets Not Being Depreciated:				
Land	129,856	-	-	129,856
Capital Assets Being Depreciated:				
Collection System	680,920	-	-	680,920
Pumping System	43,470	30,930	-	74,400
Treatment and Disposal Plant	11,386,980	4,072	-	11,391,052
General Plant	952,614	-	-	952,614
Total Capital Assets Being Depreciated	<u>13,063,984</u>	<u>35,002</u>	<u>-</u>	<u>13,098,986</u>
Total Capital Assets	<u>13,193,840</u>	<u>35,002</u>	<u>-</u>	<u>13,228,842</u>
Accumulated Depreciation:				
Collection System	240,459	7,677	-	248,136
Pumping System	14,068	3,971	-	18,039
Treatment and Disposal Plant	7,342,632	383,037	-	7,725,669
General Plant	594,569	52,267	-	646,836
Total Accumulated Depreciation	<u>8,191,728</u>	<u>446,952</u>	<u>-</u>	<u>8,638,680</u>
Net Capital Assets - Sewer Utility	<u>5,002,112</u>	<u>(411,950)</u>	<u>-</u>	<u>4,590,162</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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 Lots	\$ 760,562	\$ -	\$ -	\$ 760,562
Capital Assets Being Depreciated:				
Improvements to Lots	991,691	-	-	991,691
Equipment	67,279	-	-	67,279
Total Capital Assets Being Depreciated	<u>1,058,970</u>	<u>-</u>	<u>-</u>	<u>1,058,970</u>
Total Capital Assets	<u>1,819,532</u>	<u>-</u>	<u>-</u>	<u>1,819,532</u>
<b>Accumulated Depreciation:</b>				
Improvements to Lots	449,063	42,719	-	491,782
Equipment	60,616	1,080	-	61,696
Total Accumulated Depreciation	<u>509,679</u>	<u>43,799</u>	<u>-</u>	<u>553,478</u>
Net Capital Assets - Parking Utility	<u>1,309,853</u>	<u>(43,799)</u>	<u>-</u>	<u>1,266,054</u>
<b>Ambulance Service:</b>				
Capital Assets Being Depreciated:				
Vehicles	711,626	108,839	94,952	725,513
Other Equipment	415,453	2,850	-	418,303
Total Capital Assets	<u>1,127,079</u>	<u>111,689</u>	<u>94,952</u>	<u>1,143,816</u>
Total Accumulated Depreciation	<u>578,833</u>	<u>92,357</u>	<u>94,952</u>	<u>576,238</u>
Net Capital Assets - Ambulance Service	<u>548,246</u>	<u>19,332</u>	<u>-</u>	<u>567,578</u>
<b>Totals - Business-Type Activities:</b>				
Capital Assets Not Being Depreciated	3,537,360	1,449,249	3,844,260	1,142,349
Capital Assets Being Depreciated	50,696,115	4,906,967	512,034	55,091,048
Total Capital Assets	<u>54,233,475</u>	<u>6,356,216</u>	<u>4,356,294</u>	<u>56,233,397</u>
Less Accumulated Depreciation	<u>22,025,180</u>	<u>1,456,164</u>	<u>502,823</u>	<u>22,978,521</u>
Net Capital Assets - Business-Type Activities	<u>\$ 32,208,295</u>	<u>\$ 4,900,052</u>	<u>\$ 3,853,471</u>	<u>\$ 33,254,876</u>

Depreciation was charged to the following business-type activities:

Water	\$ 873,056
Sewer	446,952
Parking	43,799
Ambulance	92,357
	<u>\$ 1,456,164</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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 #6	\$ 36,166	Fund Cash Deficit

**Advances to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Ambulance Service Fund	\$ 23,811	Financing for purchase of ambulance(s)

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 2018, the ambulance paid the general fund principal of \$33,953 on this loan.

**Interfund Transfers**

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 51,209	Town share of fire truck purchase
Capital Projects Fund	General Fund	85,000	Share of brush truck purchase
			Excess revenues and interest earnings
Debt Service Fund	Capital Projects Fund	125,531	above debt requirements
Sewer Collection System Fund	Debt Service Fund	9,823	Share of debt service
Stormwater Fund	Debt Service Fund	16,260	Share of debt service
Water Utility Fund	General Fund	506,341	Property tax equivalent
Sewer Utility Fund	General Fund	61,075	Property tax equivalent
		<u>\$ 855,239</u>	

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018:

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018	Amounts Due Within One Year
<b>Long-Term Debt:</b>					
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 9,460,000	\$ -	\$ 405,000	\$ 9,055,000	\$ 475,000
General Obligation Notes	8,164,600	-	1,640,500	6,524,100	1,559,100
Unamortized Debt Premium	492,923	-	80,573	412,350	-
Unamortized Debt Discount	(1,844)	-	(749)	(1,095)	-
Total Governmental Activities	<u>18,115,679</u>	<u>-</u>	<u>2,125,324</u>	<u>15,990,355</u>	<u>2,034,100</u>
<b>Business-Type Activities:</b>					
<b>General Obligation Bonds:</b>					
Water Utility	860,000	-	40,000	820,000	40,000
<b>Mortgage Revenue Bonds:</b>					
Water Utility	491,041	1,244,586	60,947	1,674,680	74,990
Sewer Utility	208,681	-	208,681	-	-
Unamortized Debt Premium	8,223	-	820	7,403	-
Total Business-Type Activities	<u>1,567,945</u>	<u>1,244,586</u>	<u>310,448</u>	<u>2,502,083</u>	<u>114,990</u>
Total Long-Term Debt	<u>\$ 19,683,624</u>	<u>\$ 1,244,586</u>	<u>\$ 2,435,772</u>	<u>\$ 18,492,438</u>	<u>\$ 2,149,090</u>
<b>Other Long-Term Obligations:</b>					
<b>Governmental Activities:</b>					
Employee Leave Liability	\$ 394,284	\$ 412,849	\$ 394,284	\$ 412,849	\$ 412,849
<b>Business-Type Activities:</b>					
Employee Leave Liability	111,132	93,679	111,132	93,679	93,679
Total Other Long-Term Obligations	<u>\$ 505,416</u>	<u>\$ 506,528</u>	<u>\$ 505,416</u>	<u>\$ 506,528</u>	<u>\$ 506,528</u>

The City's estimated liabilities for employee vacation and sick leave are discussed in Note 4.B.

**Current Year Borrowing**

There were no general obligation borrowings in the current year.

**Subsequent 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, 2018**

**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, 2018 and annual requirements for their retirement as of that date are shown below:

		Outstanding 12/31/2018	Scheduled Future Payments							
			2019	2020	2021	2022	2023	2024-2028	2029-2033	2034- 2036
<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) Interest (4/1, 10/1)	\$ 1,875,000 588,863	\$ 85,000 59,030	\$ 85,000 56,480	\$ 85,000 53,930	\$ 90,000 51,380	\$ 100,000 48,680	\$ 540,000 196,450	\$ 605,000 110,400	\$ 285,000 12,513
\$3,490,000 Series 2013A, dated 10/9/13, due 10/1/33, interest at 3.00 to 4.00%	Principal (10/1) Interest (4/1, 10/1)	2,730,000 895,746	145,000 98,920	145,000 94,570	150,000 90,220	155,000 85,720	160,000 81,070	890,000 313,398	1,085,000 131,848	- -
\$3,110,000 Series 2016A, dated 4/12/16, due 4/1/36, interest at 2.00 to 3.00%	Principal (10/1) Interest (4/1, 10/1)	2,875,000 722,855	140,000 74,196	140,000 69,996	140,000 65,796	140,000 61,596	140,000 57,396	760,000 226,230	840,000 138,848	575,000 28,797
\$2,495,000 Series 2017A, dated 5/15/17, due 12/1/32, interest at 2.00 to 3.00%	Principal (12/1) Interest (6/1, 12/1)	2,395,000 535,450	145,000 62,550	150,000 59,650	155,000 56,650	155,000 53,550	160,000 50,450	850,000 193,050	780,000 59,550	- -
<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) Interest (4/1, 10/1)	1,330,000 151,039	175,000 35,558	180,000 32,058	185,000 27,558	190,000 22,932	195,000 17,708	405,000 15,225	- -	- -
\$2,860,000 Series 2013B, dated 10/9/13, due 10/1/23, interest at 2.00 to 2.750%	Principal (10/1) Interest (4/1, 10/1)	1,020,000 79,482	195,000 24,690	195,000 20,790	205,000 16,402	210,000 11,688	215,000 5,912	- -	- -	- -
\$3,530,000 dated 5/25/11, due 5/1/21 interest at 1.00 to 3.00%	Principal (11/1) Interest (5/1, 11/1)	1,165,000 62,080	365,000 32,710	390,000 23,220	410,000 6,150	- -	- -	- -	- -	- -
\$1,885,000 Series 2016B, dated 10/25/16, due 6/1/19, interest at 0.995%	Principal (6/1) Interest (6/1)	589,100 5,862	589,100 5,862	- -	- -	- -	- -	- -	- -	- -
\$2,470,000 Series 2017B, dated 5/15/17, due 6/1/27, interest at 3.00%	Principal (12/1) Interest (6/1, 12/1)	2,420,000 378,225	235,000 72,600	235,000 65,550	240,000 58,500	250,000 51,300	260,000 43,800	1,200,000 86,475	- -	- -
<b>Total Future Requirements:</b>										
	Principal	16,399,100	2,074,100	1,520,000	1,570,000	1,190,000	1,230,000	4,645,000	3,310,000	860,000
	Interest	3,419,602	466,116	422,314	375,206	338,166	305,016	1,030,828	440,646	41,310
<b>Totals</b>		<b>\$ 19,818,702</b>	<b>\$ 2,540,216</b>	<b>\$ 1,942,314</b>	<b>\$ 1,945,206</b>	<b>\$ 1,528,166</b>	<b>\$ 1,535,016</b>	<b>\$ 5,675,828</b>	<b>\$ 3,750,646</b>	<b>\$ 901,310</b>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018 were computed as follows:

Equalized Valuation (Certified August 2018)	<u>\$ 1,894,844,300</u>
Legal Debt Capacity (5% of Equalized Value)	\$ 94,742,215
Total General Obligation Debt Subject to Limitation	<u>16,399,100</u>
Unused Borrowing Capacity at 12/31/2018	<u>\$ 78,343,115</u>

**Mortgage Revenue Bonds**

**Repayment Requirements.** Outstanding mortgage revenue bonds totaled \$1,674,680 at December 31, 2018, 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, 2018 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,	2019	\$ 74,990	\$ 28,814	\$ 103,804
\$1,866,120 authorized, \$491,041	2020	76,310	27,483	103,793
issued through 12/31/17, due	2021	77,653	26,128	103,781
5/1/37, interest at 1.760% (Safe	2022	79,020	24,749	103,769
Drinking Water Fund loan)	2023	80,410	23,346	103,756
	2024-2028	423,785	94,807	518,592
	2029-2033	462,415	55,837	518,252
	2034-2037	400,097	14,237	414,334
Total Mortgage Revenue Bonds		<u>\$ 1,674,680</u>	<u>\$ 295,401</u>	<u>\$ 1,970,081</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018. The resolution 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, 2018, resulting in fund deficits of \$57,955 and \$40,076, 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, 2018. 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, 2018 totaled \$561,727.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
<b>Major Funds:</b>						
General Fund	\$ 6,814,850	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Taxes	-	3,845	-	-	-	-
Prepayments	-	26,171	-	-	-	-
Advances to Other Funds	-	23,811	-	-	-	-
Police Equipment	-	-	-	-	6,083	-
Fire Equipment	-	-	-	-	56,011	-
Energy Savings	-	-	-	-	7,222	-
BOGO Tree Funds	-	-	-	-	1,510	-
Health Insurance Reserve	-	-	-	-	444,249	-
Unassigned	-	-	-	-	-	6,245,948
Impact Fees Fund	1,451,704	-	1,451,704	-	-	-
Debt Service Fund	79,441	-	79,441	-	-	-
Capital Projects Fund	2,730,549	-	1,653,995	1,076,554	-	-
<b>Nonmajor Funds:</b>						
<b>Special Revenue Funds:</b>						
Room Tax Fund	134,992	-	-	134,992	-	-
Sewer Collection System						
Replacement Fund	1,076,512	-	-	1,076,512	-	-
Storm Water MS-4 Fund	156,262	-	156,262	-	-	-
Storm Water Fund	221,856	-	221,856	-	-	-
Parks Dedication Fees Fund	615,098	-	615,098	-	-	-
Police Donations Fund	21,921	-	21,921	-	-	-
Police Drug Forfeitures Fund	1,320	-	1,320	-	-	-
Business Park Revolving Loan Fund	561,727	-	561,727	-	-	-
<b>Capital Projects Funds:</b>						
TID #5	(57,955)	-	-	-	-	(57,955)
TID #6	(40,076)	-	-	-	-	(40,076)
Total Governmental Fund Balances at December 31, 2018	<u>\$ 13,768,201</u>	<u>\$ 53,827</u>	<u>\$ 4,763,324</u>	<u>\$ 2,288,058</u>	<u>\$ 515,075</u>	<u>\$ 6,147,917</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018**

**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, 2018 through December 31, 2018, the WRS recognized \$492,559 in contributions from the employer.

Contribution rates for 2018 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.7%	6.7%
Executives and Elected Officials	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0.0%
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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018, the City reported an asset of \$1,258,044 for its proportionate share of the net pension asset, with \$1,203,093 relating to the primary government and \$54,951 relating to the City's component units. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.04237096 percent, which was an increase of 0.00209448 from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$521,130 and \$23,802 of pension expense was allocated to component units. At December 31, 2018, 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	\$ 1,598,376	\$ 747,667
Changes of Assumptions	248,565	-
Difference between actual and proportionate share of actual employer contributions	6,161	17,871
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,729,065
City Contributions Subsequent to the Measurement Date	492,559	-
Total	<u>2,345,661</u>	<u>2,494,603</u>
Less Amount Allocated to Component Units	<u>(102,459)</u>	<u>(108,964)</u>
Total Primary Government	<u>\$ 2,243,202</u>	<u>\$ 2,385,639</u>

\$492,559 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2018**

**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)**

Year Ended December 31:	Pension Expense Amount
2019	\$ 135,343
2020	(14,198)
2021	(436,379)
2022	(329,263)
2023	2,996
Thereafter	-

*Actuarial assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	5-Year Smoothed Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	WRS experience projected to 2017 with scale BB
Post-retirement Adjustments*:	2.1%*

\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012-2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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	50.0%	5.3%	N/A	N/A
U.S. Equities	N/A	N/A	70.0%	4.6%
International Equities	N/A	N/A	30.0%	4.9%
Fixed Income	24.5%	1.4%	N/A	N/A
Inflation Sensitive Assets	15.5%	1.0%	N/A	N/A
Real Estate	8.0%	3.6%	N/A	N/A
Private Equity/Debt	8.0%	6.5%	N/A	N/A
Multi-Asset	4.0%	3.6%	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 7.20 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20 percent and a long term bond rate of 3.56 percent. Because of the unique structure of WRS, the 7.20 percent expected rate of return implies that a dividend of approximately 2.1 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2018**

**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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,254,989	\$ (1,258,044)	\$ (4,688,089)

*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://legis.wisconsin.gov/lab/> and reference report number 18-10.

**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, 2018 were \$324,016 for governmental funds, \$93,679 for enterprise funds, \$18,870 for the Joint Library component unit, and \$18,078 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, 2018 totaled \$88,833, 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 post-employment 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, 2018**

**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 post-employment 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 post-retirement benefit.

Contribution rates as of December 31, 2018 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, 2017 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, 2018 through December 31, 2018, the LRLIF recognized \$1,598 in contributions from the employer.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018, the City reported a liability of \$292,152 for its proportionate share of the net OPEB liability, with \$268,414 relating to the primary government and \$23,738 relating to the City's component units. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. 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, 2017, the City's proportion was 0.09710600 percent, which was an increase of 0.004081 from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized OPEB expense of \$32,230. At December 31, 2018, 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	\$ -	\$ 4,117
Changes of Assumptions	28,231	-
Net Difference Between Projected and Actual Earnings on OPEB Investments	3,364	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,593	-
City Contributions Subsequent to the Measurement Date	1,598	-
Total	41,786	4,117
Less Amount Allocated to Component Units	(3,395)	(335)
Total Primary Government	\$ 38,391	\$ 3,782

\$1,598 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, 2019. 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
2019	\$ 5,850
2020	5,850
2021	5,850
2022	5,850
2023	5,009
2024	5,009

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.4%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	3.6%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 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.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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 3.63% was used to measure the net OPEB liability. 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.

*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 3.63 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 (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

		1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Proportionate share of the Net OPEB Liability (asset)	12/31/18	\$ 412,921	\$ 292,152	\$ 199,473

*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 adopted 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, 2018

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 post-employment 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, 2018, 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 post-employment benefit on a pay-as-you go basis. For fiscal year 2018, the City contributed an estimated \$75,082 to the plan.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

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

***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. At December 31, 2018, the City reported a total OPEB liability of \$1,645,255, with \$1,508,150 allocated to the primary government and the remaining amount allocated to component units. Changes in the City's total OPEB liability were as follows:

	Total OPEB Liability
Balance at December 31, 2017	\$ 1,513,244
Changes for the year:	
Service Cost	152,610
Interest	53,756
Benefit Payments	(74,355)
Net Changes	132,011
Balance at December 31, 2018	1,645,255
Less Amount Allocated to Component Units	(137,105)
Balance at December 31, 2018 - Primary Government	\$ 1,508,150

***Actuarial assumptions***

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

Measurement Date:	January 1, 2018
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:	3.3%
Healthcare Cost Trend Rates:	6.5% as of January 1, 2018 grading to 5.00% over 6 years
Mortality Rates:	RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire)

CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

**Discount rate**

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

**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 2.3%	Current Discount Rate 3.3%	1% Increase 4.3%
Total OPEB Liability	12/31/18	<u>\$ 1,765,149</u>	<u>\$ 1,645,255</u>	<u>\$ 1,532,735</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 (5.5% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.00%)	1% Increase (7.5% decreasing 6.00%)
Total OPEB Liability	12/31/18	<u>\$ 1,520,022</u>	<u>\$ 1,645,255</u>	<u>\$ 1,793,173</u>

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$206,366. At December 31, 2018, the City reported deferred outflows of resources related to OPEB in the amount of \$75,082 resulting from estimated employer contributions. The City did not report any deferred inflows of resources related to OPEB.

The plan does not issue separate financial statements.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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 2018 were \$1,828. Future annual expenditures are expected to be similar to current year expenditures.

**G. Discretely Presented Component Units**

**St Croix Business Park**

Capital assets activity for the St Croix Business Park for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 1,595,182	\$ 15,020	\$ 451,694	\$ 1,158,508
Capital Assets Being Depreciated:				
Land Improvements	82,725	-	-	82,725
Total Capital Assets	<u>1,677,907</u>	<u>-</u>	<u>-</u>	<u>1,241,233</u>
Accumulated Depreciation:				
Land Improvements	<u>42,715</u>	<u>4,136</u>	<u>-</u>	<u>46,851</u>
Net Capital Assets - St. Croix Business Park	<u>\$ 1,635,192</u>	<u>\$ (4,136)</u>	<u>\$ -</u>	<u>\$ 1,194,382</u>

Depreciation expense charged to the Business Park was \$4,136.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

**Joint Library**

Capital assets activity for the Joint Library for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 523,386	\$ -	\$ -	\$ 523,386
Machinery and Equipment	569,024	85,690	60,994	593,720
Total Capital Assets	<u>1,092,410</u>	<u>85,690</u>	<u>60,994</u>	<u>1,117,106</u>
Accumulated Depreciation:				
Buildings and Improvements	152,235	20,124	-	172,359
Machinery and Equipment	136,024	82,966	60,994	157,996
Total Accumulated Depreciation	<u>288,259</u>	<u>103,090</u>	<u>60,994</u>	<u>330,355</u>
Net Capital Assets - Joint Library	<u>\$ 804,151</u>	<u>\$ (17,400)</u>	<u>\$ -</u>	<u>\$ 786,751</u>

Depreciation expense charged to the Joint Library was \$103,090.

The long-term obligations activity for the Joint Library component unit for the year ended December 31, 2018, was as follows:

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018	Amounts Due Within One Year
Employee Leave Liability	<u>\$ 25,552</u>	<u>\$ 18,870</u>	<u>\$ 25,552</u>	<u>\$ 18,870</u>	<u>\$ 18,870</u>

**Community Access Board**

Capital assets activity for the Community Access Board for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Machinery and Equipment	\$ 225,540	\$ 8,430	\$ -	\$ 233,970
Accumulated Depreciation:	113,237	16,259	-	129,496
Net Capital Assets - Community Access Board	<u>\$ 112,303</u>	<u>\$ (16,259)</u>	<u>\$ -</u>	<u>\$ 104,474</u>

Depreciation expense charged to the Community Access Board was \$16,259.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018, was as follows:

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018	Amounts Due Within One Year
Employee Leave Liability	\$ 14,390	\$ 18,078	\$ 14,390	\$ 18,078	\$ 18,078

**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.

**I. Change in Accounting Principle**

During the year ended December 31, 2018, the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in relation to its participation in the State Local Retiree Life Insurance Fund and City postemployment benefits plans. This pronouncement requires the restatement of the December 31, 2018 net position of the governmental activities, business-type activities, proprietary funds, and component units as follows:

	Governmental Activities	Business-type Activities	Water Utility Fund	Sewer Utility Fund	Parking Utility Fund	Ambulance Service	Joint Library	Community Access Board
Net Position, December 31, 2017, as Previously Reported	\$ 47,716,469	\$ 44,774,689	\$ 30,442,650	\$ 11,387,262	\$ 1,708,973	\$ 1,235,804	\$ 1,159,700	\$ 1,169,208
Cumulative affect of application of GASB 75, Net OPEB Liability related to State Life Insurance multiple-employer plan	(153,249)	(54,252)	(25,127)	(18,051)	-	(11,074)	(16,403)	(1,948)
Cumulative affect of application of GASB 75, Total OPEB Liability related to City's single- employer plan	(257,999)	(108,679)	(29,740)	(29,706)	(14,988)	(34,245)	(69,380)	(473)
Total Restatement	(411,248)	(162,931)	(54,867)	(47,757)	(14,988)	(45,319)	(85,783)	(2,421)
Net Position, December 31, 2018, as Restated	\$ 47,305,221	\$ 44,611,758	\$ 30,387,783	\$ 11,339,505	\$ 1,693,985	\$ 1,190,485	\$ 1,073,917	\$ 1,166,787

**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE 1

CITY OF HUDSON, WISCONSIN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 6,162,465	\$ 6,162,465	\$ 6,168,238	\$ 5,773
Intergovernmental	1,002,329	1,011,797	1,061,683	49,886
Licenses and Permits	424,930	424,930	421,229	(3,701)
Fines and Forfeits	145,250	145,250	122,701	(22,549)
Public Charges for Services	116,625	116,625	127,554	10,929
Intergovernmental Charges for Services	608,975	609,335	616,401	7,066
Miscellaneous:				
Interest	65,000	65,000	122,314	57,314
Rent	155,980	155,980	147,942	(8,038)
Other	14,500	28,603	176,091	147,488
Total Revenues	<u>8,696,054</u>	<u>8,719,985</u>	<u>8,964,153</u>	<u>244,168</u>
<b>EXPENDITURES:</b>				
General Government	1,658,302	1,737,212	1,636,083	101,129
Public Safety	4,787,433	4,804,019	4,655,386	148,633
Transportation Facilities	1,535,092	1,530,407	1,551,103	(20,696)
Sanitation	31,411	22,311	15,704	6,607
Health and Human Services	14,300	16,300	16,231	69
Culture, Recreation and Education	805,076	805,076	773,136	31,940
Conservation and Development	412,231	419,551	399,630	19,921
Total Expenditures	<u>9,243,845</u>	<u>9,334,876</u>	<u>9,047,273</u>	<u>287,603</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(547,791)</u>	<u>(614,891)</u>	<u>(83,120)</u>	<u>531,771</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of Property	4,000	4,000	502,178	498,178
Transfers In	595,000	595,000	652,416	57,416
Transfers Out	<u>(51,209)</u>	<u>(51,209)</u>	<u>(51,209)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>547,791</u>	<u>547,791</u>	<u>1,103,385</u>	<u>555,594</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (67,100)</u>	<u>1,020,265</u>	<u>\$ 1,087,365</u>
Fund Balance, January 1			<u>5,794,585</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 6,814,850</u>	

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

**Measurement Date:** December 31,

	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.03932084%	0.03942175%	0.04027648%	0.04237096%
City's proportionate share of the net pension liability (asset)	\$ (965,827)	\$ 640,597	\$ 331,974	\$ (1,258,044)
City's covered payroll	\$ 4,775,480	\$ 4,990,775	\$ 5,274,504	\$ 5,580,151
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%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%

**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,	2015	2016	2017	2018
Contractually Required Contribution	\$ 385,618	\$ 398,730	\$ 455,284	\$ 492,559
Contributions in Relation to the Contractually Required Contributions	(385,618)	(398,730)	(455,284)	(492,559)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 City's Covered Payroll	 4,990,775	 5,274,504	 5,580,151	 6,078,348
 Contributions as a Percentage of Covered Payroll	 7.73%	 7.56%	 8.16%	 8.10%

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

*Changes of Assumptions.* There were no changes in the assumptions.

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

	2018
<b>Total OPEB Liability</b>	
Service Cost	\$ 152,610
Interest	53,756
Benefit Payments	(74,355)
<b>Net Change in Total OPEB Liability</b>	132,011
<b>Total OPEB Liability - beginning</b>	1,513,244
<b>Total OPEB Liability - ending</b>	\$ 1,645,255
<b>Covered Payroll</b>	\$ 5,310,004
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	30.98%

**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,	<u>2017</u>
City's proportion of the net OPEB liability (asset)	.09710600%
City's proportionate share of the net OPEB liability (asset)	\$ 292,152
City's covered payroll	\$ 4,083,585
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%

**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
Contractually Required Contributions	\$ 1,598
Contributions in Relation to the Contractually Required Contributions	(1,598)
Contribution Deficiency (Excess)	\$ -
 City's Covered Payroll	 \$ 4,083,585
 Contributions as a Percentage of Covered Payroll	 0.04%

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

*Changes of Assumptions.* There were no changes in the assumptions.

**CITY OF HUDSON, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018**

**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.

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**CITY OF HUDSON, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2018**

	Special Revenue Funds								Capital Projects 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	Total Nonmajor Governmental Funds
<b>ASSETS</b>													
Cash and Investments	\$ 117,544	\$ 1,076,512	\$ 615,098	\$ 24,121	\$ 1,320	\$ 561,727	\$ 109,484	\$ 127,581	\$ 2,633,387	\$ 442,045	\$ -	\$ 442,045	\$ 3,075,432
Taxes Receivable	-	-	-	-	-	-	-	-	-	3,317	-	3,317	3,317
Accounts Receivable	58,160	-	-	-	-	-	-	94,335	152,495	-	-	-	152,495
Due from Other Governments	-	-	-	-	-	-	51,254	-	51,254	-	-	-	51,254
<b>Total Assets</b>	<b>\$ 175,704</b>	<b>\$ 1,076,512</b>	<b>\$ 615,098</b>	<b>\$ 24,121</b>	<b>\$ 1,320</b>	<b>\$ 561,727</b>	<b>\$ 160,738</b>	<b>\$ 221,916</b>	<b>\$ 2,837,136</b>	<b>\$ 445,362</b>	<b>\$ -</b>	<b>\$ 445,362</b>	<b>\$ 3,282,498</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>													
Liabilities:													
Vouchers and Accounts Payable	\$ 40,712	\$ -	\$ -	\$ 2,200	\$ -	\$ -	\$ 4,476	\$ -	\$ 47,388	\$ 500,000	\$ 3,910	\$ 503,910	\$ 551,298
Accrued Wages	-	-	-	-	-	-	-	60	60	-	-	-	60
Unearned Revenues:													
Tax Roll Items:													
Special Assessments	-	-	-	-	-	-	-	-	-	3,317	-	3,317	3,317
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	36,166	36,166	36,166
<b>Total Liabilities</b>	<b>40,712</b>	<b>-</b>	<b>-</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>4,476</b>	<b>60</b>	<b>47,448</b>	<b>503,317</b>	<b>40,076</b>	<b>543,393</b>	<b>590,841</b>
<b>Fund Balances:</b>													
Restricted	-	-	615,098	21,921	1,320	561,727	156,262	221,856	1,578,184	-	-	-	1,578,184
Committed	134,992	1,076,512	-	-	-	-	-	-	1,211,504	-	-	-	1,211,504
Unassigned	-	-	-	-	-	-	-	-	-	(57,955)	(40,076)	(98,031)	(98,031)
<b>Total Fund Balances</b>	<b>134,992</b>	<b>1,076,512</b>	<b>615,098</b>	<b>21,921</b>	<b>1,320</b>	<b>561,727</b>	<b>156,262</b>	<b>221,856</b>	<b>2,789,688</b>	<b>(57,955)</b>	<b>(40,076)</b>	<b>(98,031)</b>	<b>2,691,657</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 175,704</b>	<b>\$ 1,076,512</b>	<b>\$ 615,098</b>	<b>\$ 24,121</b>	<b>\$ 1,320</b>	<b>\$ 561,727</b>	<b>\$ 160,738</b>	<b>\$ 221,916</b>	<b>\$ 2,837,136</b>	<b>\$ 445,362</b>	<b>\$ -</b>	<b>\$ 445,362</b>	<b>\$ 3,282,498</b>

**CITY OF HUDSON, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2018**

	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	\$ 285,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,024	\$ -	\$ -	\$ -	\$ 285,024
Intergovernmental	-	-	-	-	-	-	51,254	-	51,254	500,000	-	500,000	551,254
Public Charges for Services	-	62,518	-	-	-	-	-	314,732	377,250	-	-	-	377,250
Miscellaneous:													
Allocated Investment Earnings	1,515	16,309	9,668	391	21	9,134	2,738	3,400	43,176	1,634	-	1,634	44,810
Other	-	-	94,576	22,154	-	-	-	500	117,230	-	-	-	117,230
<b>Total Revenues</b>	<b>286,539</b>	<b>78,827</b>	<b>104,244</b>	<b>22,545</b>	<b>21</b>	<b>9,134</b>	<b>53,992</b>	<b>318,632</b>	<b>873,934</b>	<b>501,634</b>	<b>-</b>	<b>501,634</b>	<b>1,375,568</b>
<b>EXPENDITURES:</b>													
Public Safety	-	-	-	25,354	-	-	-	-	25,354	-	-	-	25,354
Transportation Facilities	-	-	-	-	-	-	49,425	292,332	341,757	-	-	-	341,757
Sanitation	-	1,372	-	-	-	-	-	-	1,372	-	-	-	1,372
Culture, Recreation and Education	285,018	-	20,243	-	-	-	-	-	305,261	-	-	-	305,261
Conservation and Development	-	-	-	-	-	-	-	-	-	535,361	40,076	575,437	575,437
<b>Total Expenditures</b>	<b>285,018</b>	<b>1,372</b>	<b>20,243</b>	<b>25,354</b>	<b>-</b>	<b>-</b>	<b>49,425</b>	<b>292,332</b>	<b>673,744</b>	<b>535,361</b>	<b>40,076</b>	<b>575,437</b>	<b>1,249,181</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,521</b>	<b>77,455</b>	<b>84,001</b>	<b>(2,809)</b>	<b>21</b>	<b>9,134</b>	<b>4,567</b>	<b>26,300</b>	<b>200,190</b>	<b>(33,727)</b>	<b>(40,076)</b>	<b>(73,803)</b>	<b>126,387</b>
<b>OTHER FINANCING SOURCES (USES):</b>													
Transfers Out	-	(9,823)	-	-	-	-	-	(16,260)	(26,083)	-	-	-	(26,083)
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,521</b>	<b>67,632</b>	<b>84,001</b>	<b>(2,809)</b>	<b>21</b>	<b>9,134</b>	<b>4,567</b>	<b>10,040</b>	<b>174,107</b>	<b>(33,727)</b>	<b>(40,076)</b>	<b>(73,803)</b>	<b>100,304</b>
Fund Balances, January 1	133,471	1,008,880	531,097	24,730	1,299	552,593	151,695	211,816	2,615,581	(24,228)	-	(24,228)	2,591,353
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 134,992</b>	<b>\$ 1,076,512</b>	<b>\$ 615,098</b>	<b>\$ 21,921</b>	<b>\$ 1,320</b>	<b>\$ 561,727</b>	<b>\$ 156,262</b>	<b>\$ 221,856</b>	<b>\$ 2,789,688</b>	<b>\$ (57,955)</b>	<b>\$ (40,076)</b>	<b>\$ (98,031)</b>	<b>\$ 2,691,657</b>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED BALANCE SHEET  
DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2017)**

	2018	2017
<b>ASSETS</b>		
Treasurer's Cash and Investments	\$ 7,663,952	\$ 6,488,582
Petty Cash	1,000	1,000
Current Taxes Receivable	5,868,754	5,673,891
Delinquent Personal Property Taxes	3,845	11,419
Accounts Receivable	110,694	90,558
Due from Other Governmental Units	87,852	126,189
Due from Other Funds	36,166	24,228
Advances to Other Funds	23,811	58,647
Prepayments	26,171	11,635
	\$ 13,822,245	\$ 12,486,149
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Vouchers and Accounts Payable	\$ 199,508	\$ 165,872
Payroll Withholdings	69,568	96,651
Accrued Wages	107,582	84,316
Due to Other Governmental Units	2,140	3,298
Special Deposits	187,771	181,131
Total Liabilities	566,569	531,268
<b>Deferred Inflows of Resources:</b>		
Subsequent Year's Property Taxes	6,440,826	6,160,296
<b>Fund Balance:</b>		
Nonspendable		
Delinquent Taxes	3,845	11,419
Prepayments	26,171	11,635
Advances to Other Funds	23,811	58,647
Assigned	515,075	516,095
Unassigned	6,245,948	5,196,789
Total Fund Balance	6,814,850	5,794,585
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 13,822,245	\$ 12,486,149

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2018**

	Balance 1/1/18	Revenues/Other Sources			Net Transfers From (To) General Fund	Total Available	Expenditures/ Transfers to Other Funds	Balance 12/31/18
		Tax Levy	Interest	Other				
<b>Nonspendable:</b>								
Delinquent Taxes	\$ 11,419	\$ -	\$ -	\$ -	\$ (7,574)	\$ 3,845	\$ -	\$ 3,845
Advances to Other Funds	58,647	-	-	-	(34,836)	23,811	-	23,811
Prepayments	11,635	-	-	-	14,536	26,171	-	26,171
<b>Total Nonspendable</b>	<b>\$ 81,701</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (27,874)</b>	<b>\$ 53,827</b>	<b>\$ -</b>	<b>\$ 53,827</b>
<b>Assigned:</b>								
Police Equipment	\$ 18,825	\$ -	\$ 258	\$ -	\$ -	\$ 19,083	\$ 13,000	\$ 6,083
Fire Equipment	51,171	-	802	4,038	-	56,011	-	56,011
Health Insurance	437,500	-	6,749	-	-	444,249	-	444,249
Energy Savings	7,112	-	110	-	-	7,222	-	7,222
BOGO Tree Funds	1,487	-	23	-	-	1,510	-	1,510
<b>Total Assigned</b>	<b>\$ 516,095</b>	<b>\$ -</b>	<b>\$ 7,942</b>	<b>\$ 4,038</b>	<b>\$ -</b>	<b>\$ 528,075</b>	<b>\$ 13,000</b>	<b>\$ 515,075</b>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018		Variance - Positive (Negative)	2017 Actual
	Final Budget	Actual		
<b>REVENUES:</b>				
Taxes:				
General Property Taxes	\$ 6,150,865	\$ 6,157,140	\$ 6,275	\$ 5,810,381
Payment in Lieu of Taxes:				
Housing Authority	10,000	10,000	-	10,000
Interest and Penalties on Taxes	1,600	1,098	(502)	1,252
Total Taxes	<u>6,162,465</u>	<u>6,168,238</u>	<u>5,773</u>	<u>5,821,633</u>
<b>Intergovernmental:</b>				
Federal Public Safety	-	459	459	-
State Shared Taxes	176,435	223,531	47,096	177,081
State Aid for Exempt Computers	29,350	29,781	431	29,350
State Fire Insurance Tax	70,000	70,427	427	70,418
State Aid for Police Training	5,000	4,160	(840)	3,840
State Transportation Aids	714,044	714,044	-	623,181
Payment for Municipal Services	500	169	(331)	131
County Recycling Grant	5,000	2,941	(2,059)	4,919
Other Intergovernmental Aids	11,468	16,171	4,703	8,380
Total Intergovernmental	<u>1,011,797</u>	<u>1,061,683</u>	<u>49,886</u>	<u>917,300</u>
<b>Licenses and Permits:</b>				
Business and Occupational Licenses:				
Liquor and Malt Beverage	30,000	41,010	11,010	39,240
Other	16,730	14,114	(2,616)	18,942
Dog Licenses (Including County Refund)	7,000	5,416	(1,584)	5,451
Cat Licenses	800	845	45	810
Building Permits	303,000	310,909	7,909	510,369
Other Permits	12,400	7,535	(4,865)	7,845
Filing Fees	55,000	41,400	(13,600)	9,996
Total Licenses and Permits	<u>424,930</u>	<u>421,229</u>	<u>(3,701)</u>	<u>592,653</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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018		Variance - Positive (Negative)	2017 Actual
	Final Budget	Actual		
<b>REVENUES: (CONTINUED)</b>				
<b>Fines and Forfeits:</b>				
Court Penalties and Costs	\$ 145,000	\$ 122,554	\$ (22,446)	\$ 96,392
County Court/Miscellaneous	250	147	(103)	490
Total Fines and Forfeits	<u>145,250</u>	<u>122,701</u>	<u>(22,549)</u>	<u>96,882</u>
<b>Public Charges for Services:</b>				
General Government:				
License Publication Fees	300	363	63	315
Maps, Copies and Photos	650	1,016	366	1,050
Assessment Search Fees	6,000	7,075	1,075	4,700
Administration Charge to Business Park	12,500	12,432	(68)	12,448
Public Safety:				
Police Special OT	2,000	8,893	6,893	4,011
Public Education Fees	375	692	317	375
Public Works:				
Maintenance Charges	-	1,248	1,248	470
Weed and Nuisance Charges	500	3,156	2,656	242
Culture, Recreation and Education:				
Parks and Recreation	16,300	34,180	17,880	25,499
Boat Launching	62,000	42,885	(19,115)	52,410
Sail Boat Mooring	16,000	15,289	(711)	15,295
Total Public Charges for Services	<u>116,625</u>	<u>127,554</u>	<u>10,929</u>	<u>116,815</u>
<b>Intergovernmental Charges for Services:</b>				
Other Local Governments:				
Fire Protection - Contracts	415,275	415,275	-	377,087
School Liaison Officer - School Share	170,000	169,521	(479)	165,979
Police Labor Reimbursement	300	3,721	3,421	565
Elections	360	5,732	5,372	-
Other Charges	-	-	-	801
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>609,335</u>	<u>616,401</u>	<u>7,066</u>	<u>566,584</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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018		Variance - Positive (Negative)	2017 Actual
	Final Budget	Actual		
<b>REVENUES: (CONTINUED)</b>				
<b>Miscellaneous:</b>				
Interest on Investments	\$ 65,000	\$ 122,314	\$ 57,314	\$ 62,408
MB Occupancy Costs	142,980	137,222	(5,758)	135,037
Rent of City Buildings and Property	7,200	4,900	(2,300)	8,025
Rent Charge to Ambulance Utility	5,800	5,820	20	5,820
Insurance Dividends	12,403	168,192	155,789	500
Donations	1,000	1,072	72	2,366
Other Refunds and Reimbursements	15,200	6,827	(8,373)	13,460
Total Miscellaneous	<u>249,583</u>	<u>446,347</u>	<u>196,764</u>	<u>227,616</u>
Total Revenues	<u>8,719,985</u>	<u>8,964,153</u>	<u>244,168</u>	<u>8,339,483</u>
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Mayor and Council	56,700	57,871	(1,171)	47,037
Municipal Court	119,882	112,995	6,887	108,471
City Attorney/Other Legal	81,000	100,632	(19,632)	96,278
Clerk-Treasurer	338,741	334,577	4,164	302,289
Administrator	92,399	93,090	(691)	83,573
Labor Negotiator/Drug Test	17,000	18,678	(1,678)	16,466
Information Technology	192,634	175,782	16,852	175,952
Elections	28,260	27,767	493	14,021
Assessment of Property	73,953	62,291	11,662	72,871
Insurance/Unallocated	253,860	257,560	(3,700)	239,141
City Hall	138,343	141,338	(2,995)	134,850
Municipal Building	267,440	227,202	40,238	209,057
Illegal Taxes and Refunds	-	3,245	(3,245)	6,245
Contingency/Special Projects	77,000	23,055	53,945	9,916
Total General Government	<u>1,737,212</u>	<u>1,636,083</u>	<u>101,129</u>	<u>1,516,167</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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018		Variance - Positive (Negative)	2017 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Public Safety:</b>				
Police Administration	\$ 651,507	\$ 595,788	\$ 55,719	\$ 578,910
Police Patrol	2,031,003	2,026,015	4,988	1,880,572
Police Patrol Capital Outlay	163,000	147,903	15,097	118,652
Criminal Investigation	449,412	426,683	22,729	431,616
School Officer	212,253	213,308	(1,055)	217,966
Police and Fire Commission	4,600	4,722	(122)	2,233
Fire Department	371,855	372,885	(1,030)	310,675
Fire Department Capital Outlay	57,393	54,535	2,858	97,502
Fire Department Training	52,810	55,805	(2,995)	49,001
Fire Department Officers	31,292	30,683	609	28,940
Fire Deferred Compensation Wages	21,730	13,631	8,099	13,811
Fire Mechanic Wages	10,082	7,360	2,722	7,448
Fire Administration	282,197	281,413	784	253,782
Ambulance Subsidy	233,648	233,648	-	190,176
Building Inspection	205,843	181,008	24,835	175,145
Disaster Control	2,000	-	2,000	-
Emergency Government - Sirens	19,694	7,328	12,366	12,261
Dams	3,700	2,671	1,029	1,817
Total Public Safety	4,804,019	4,655,386	148,633	4,370,507
<b>Transportation Facilities:</b>				
<b>Streets and Related Facilities:</b>				
Director of Public Works	169,897	167,740	2,157	156,634
Machinery and Equipment	206,581	194,048	12,533	212,166
Garage - Storage Sheds	37,800	37,368	432	32,513
Garage - Storage Sheds Capital Outlay	1,000	987	13	-
West Garage	5,250	6,154	(904)	3,149
Street Maintenance	857,091	894,892	(37,801)	710,316

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018		Variance - Positive (Negative)	2017 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Transportation Facilities: (Continued)</b>				
Streets and Related Facilities: (Continued)				
Highways 94 and 35	\$ 29,000	\$ 31,389	\$ (2,389)	\$ 27,655
Street Lighting	137,187	152,566	(15,379)	146,847
Street Signs and Markings	46,135	21,723	24,412	36,666
Stop and Go Lights	38,466	41,807	(3,341)	27,635
Sidewalks and Crosswalks	1,000	1,055	(55)	986
Curb and Gutter	1,000	1,374	(374)	1,532
Total Transportation Facilities	<u>1,530,407</u>	<u>1,551,103</u>	<u>(20,696)</u>	<u>1,356,099</u>
<b>Sanitation:</b>				
Landfill	2,000	1,856	144	2,592
Weed Control	9,883	9,232	651	15,823
Recycling Coordinator	10,428	4,616	5,812	5,835
Total Sanitation	<u>22,311</u>	<u>15,704</u>	<u>6,607</u>	<u>24,250</u>
<b>Health and Human Services:</b>				
Sealer of Weights and Measures	6,000	6,000	-	6,000
Animal Control	10,300	10,231	69	9,404
Total Health and Human Services	<u>16,300</u>	<u>16,231</u>	<u>69</u>	<u>15,404</u>
<b>Culture, Recreation and Education:</b>				
Joint Library	347,310	347,310	-	347,310
Parks:				
Parks Administration	129,120	128,858	262	106,161
General Park Maintenance	225,921	207,547	18,374	203,869

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018		Variance - Positive (Negative)	2017 Actual
	Final Budget	Actual		
<b>Culture, Recreation and Education: (Continued)</b>				
Parks: (Continued)				
Lakefront Park	\$ 45,533	\$ 39,780	\$ 5,753	\$ 53,842
Grandview Park	57,192	49,641	7,551	41,257
Total Culture, Recreation and Education	<u>805,076</u>	<u>773,136</u>	<u>31,940</u>	<u>752,439</u>
<b>Conservation and Development:</b>				
Shade Tree Control	87,973	96,662	(8,689)	102,004
Community Development	331,578	302,968	28,610	277,737
Total Conservation and Development	<u>419,551</u>	<u>399,630</u>	<u>19,921</u>	<u>379,741</u>
 Total Expenditures	 <u>9,334,876</u>	 <u>9,047,273</u>	 <u>287,603</u>	 <u>8,414,607</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	 <u>(614,891)</u>	 <u>(83,120)</u>	 <u>531,771</u>	 <u>(75,124)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of City Property	4,000	502,178	498,178	13,097
Transfers In:				
From Capital Projects Fund	85,000	85,000	-	20,000
From Water Utility - Tax Equivalent	450,000	506,341	56,341	468,041
From Sewer Utility - Tax Equivalent	60,000	61,075	1,075	60,901
Transfers Out:				
To Capital Projects Funds	-	-	-	(71,600)
To Debt Service Fund	(51,209)	(51,209)	-	(18,315)
To Special Revenue Funds	-	-	-	(146,178)
Total Other Financing Sources (Uses)	<u>547,791</u>	<u>1,103,385</u>	<u>555,594</u>	<u>325,946</u>
<b>NET CHANGE IN FUND BALANCE</b>	 <u><u>\$ (67,100)</u></u>	 <u>1,020,265</u>	 <u><u>\$ 1,087,365</u></u>	 <u>250,822</u>
Fund Balance, January 1		<u>5,794,585</u>		5,543,763
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 6,814,850</u></u>		<u><u>\$ 5,794,585</u></u>

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2017)**

	2018	2017
<b>ASSETS</b>		
Current Assets:		
Cash and Investments:		
Operations	\$ 5,280,003	\$ 5,118,541
Future Facilities Account	100,005	98,485
Customer Accounts Receivable	729,585	671,085
Accounts Receivable on Tax Roll	75,542	67,093
Other Accounts Receivable	60,025	41,688
Due from Other Governmental Units	24,023	39,535
Prepaid Expenses	370	-
Inventories	26,263	28,051
Total Current Assets	6,295,816	6,064,478
Restricted Assets:		
Cash and Investments:		
Debt Service Funds:		
Unspent Bond Proceeds	74,014	344,767
Carmichael Impact Assessments	661,538	572,898
Wisconsin Retirement System Net Pension Asset	103,363	-
Total Restricted Assets	838,915	917,665
Capital Assets:		
Utility Plant in Service	39,926,138	35,582,944
Less Accumulated Depreciation	13,210,125	12,744,940
Net Utility Plant in Service	26,716,013	22,838,004
Construction Work in Progress	115,069	2,510,080
Total Capital Assets	26,831,082	25,348,084
Total Assets	33,965,813	32,330,227
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	192,724	195,164
Other Postemployment Benefits Related	7,039	-
State Life Insurance Other Postemployment Benefits Related	4,649	-
Total Deferred Outflows of Resources	204,412	195,164

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2017)**

	2018	2017
<b>LIABILITIES</b>		
Current Liabilities Payable from Current Assets:		
Vouchers and Accounts Payable	\$ 124,558	\$ 378,588
Due Other Governmental Units	15,249	14,545
Security Deposits	68,997	31,887
Accrued Employee Liabilities	60,700	67,429
Accrued Wages	19,500	15,552
Accrued Interest	10,517	6,019
Current Portion of Mortgage Revenue Bonds	74,990	20,697
Current Portion of General Obligation Bonds	40,000	40,000
Total Current Liabilities Payable From Current Assets	414,511	574,717
Current Assets		
<b>Long-Term Liabilities (Net of Current Portion):</b>		
Total Other Postemployment Benefits Liability	154,243	105,156
Wisconsin Retirement System Net Pension Liability	-	24,998
State Life Insurance Net Other Postemployment Benefits Liability	32,503	-
Mortgage Revenue Bonds	1,599,690	470,344
General Obligation Bonds	787,403	828,223
Total Long-Term Liabilities (Net of Current Portion):	2,573,839	1,428,721
Total Liabilities	2,988,350	2,003,438
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	204,961	79,303
State Life Insurance Other Postemployment Benefits Related	458	-
Total Deferred Inflows of Resources	205,419	79,303
<b>NET POSITION</b>		
Net Investment in Capital Assets	25,231,392	24,877,740
Restricted - Unspent Debt Proceeds	74,014	344,767
Restricted for Impact Assessments	661,538	572,898
Restricted for Pension Plan	103,363	-
Unrestricted	4,906,149	4,647,245
Total Net Position	\$ 30,976,456	\$ 30,442,650

**CITY OF HUDSON, WISCONSIN**  
**WATER UTILITY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2018**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)

	2018	2017
<b>OPERATING REVENUES:</b>		
Sales of Water:		
Residential	\$ 1,068,460	\$ 1,116,604
Commercial	1,368,844	431,214
Industrial	10,213	26,838
Public Authorities	36,548	48,405
Metered Sales to Temporary Customers	39,561	27,500
Public Fire Protection	572,467	679,824
Private Fire Protection	143,538	142,798
Total Sales of Water	3,239,631	2,473,183
Other Operating Revenues:		
Forfeited Discounts	29,864	28,666
Tower Leasing	270,135	263,732
Meter Charge to Sewer	162,205	173,998
Other Operating Revenues	42,884	21,047
Total Other Operating Revenues	505,088	487,443
Total Operating Revenues	3,744,719	2,960,626
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance	2,004,002	2,382,868
Depreciation	873,056	759,348
Total Operating Expenses	2,877,058	3,142,216
<b>OPERATING INCOME (LOSS)</b>	867,661	(181,590)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	104,422	86,708
Interest Expense	(46,919)	(23,390)
Gain/Loss on Sale of Capital Assets	1,298	-
Net Amortization of Debt Items	820	854
Total Nonoperating Revenues (Expenses)	59,621	64,172
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	927,282	(117,418)
<b>CAPITAL CONTRIBUTIONS:</b>		
Plant Contributed by Developers	20,442	152,156
Impact Fees Applied	147,290	291,038
Total Capital Contributions	167,732	443,194
<b>TRANSFERS:</b>		
Transfer to General Fund	(506,341)	(468,041)
<b>CHANGE IN NET POSITION</b>	588,673	(142,265)
Net Position, January 1	30,442,650	30,584,915
Change in Accounting Principle	(54,867)	-
Net Position, January 1 - Restated	30,387,783	30,584,915
<b>NET POSITION, DECEMBER 31</b>	\$ 30,976,456	\$ 30,442,650

**CITY OF HUDSON, WISCONSIN  
 WATER UTILITY ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2018  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 2,977,013	\$ 2,005,921
Cash Received for Public Fire Protection	572,467	679,824
Cash Received for Sewer Share of Meter Related Expense	162,205	173,998
Cash Payments to Suppliers for Goods and Services	(1,455,921)	(1,344,108)
Cash Payments for Employee Services	<u>(1,015,998)</u>	<u>(930,672)</u>
Net Cash Provided by Operating Activities	<u>1,239,766</u>	<u>584,963</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Payments for Tax Equivalents	<u>(506,341)</u>	<u>(468,041)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(2,117,622)	(2,612,810)
Cash Received for Salvage of Capital Assets	12,136	10,838
Cash Received for Impact Fees	147,290	291,038
Cash Received from Issuance of Debt	1,244,586	491,041
Principal Paid on Long-Term Debt	(100,947)	(30,000)
Interest Paid on Long-Term Debt	<u>(42,421)</u>	<u>(34,163)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(856,978)</u>	<u>(1,884,056)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>104,422</u>	<u>86,708</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(19,131)	(1,680,426)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>6,134,691</u>	<u>7,815,117</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u><u>\$ 6,115,560</u></u>	<u><u>\$ 6,134,691</u></u>

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	<u>2018</u>	<u>2017</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 867,661	\$ (181,590)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(128,361)	(22,019)
Deferred Outflows of Resources	2,440	96,993
Deferred Inflows of Resources	125,658	(29,221)
Change in OPEB Plan:		
Asset/Liability	26,723	-
Deferred Outflows of Resources	(11,688)	-
Deferred Inflows of Resources	458	-
Depreciation	873,056	759,348
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(58,500)	(67,940)
Accounts Receivable on Tax Roll	(8,449)	1,576
Other Accounts Receivable	(18,337)	(8,954)
Due from Other Governmental Units	15,512	(19,041)
Prepaid Expenses	(370)	-
Inventories	1,788	1,153
Increase (Decrease) in Liabilities:		
Accounts Payable	(482,858)	39,756
Special Deposits	37,110	(6,524)
Accrued Wages	3,948	1,906
Accrued Employee Benefits	(6,729)	19,573
Due to Other Governmental Units	704	(53)
	<u>\$ 1,239,766</u>	<u>\$ 584,963</u>
 <b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 5,380,008	\$ 5,217,026
Cash and Investments - Restricted	<u>735,552</u>	<u>917,665</u>
	<u>\$ 6,115,560</u>	<u>\$ 6,134,691</u>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Capital Assets Financed by Customers and Developers	\$ 20,442	\$ -

**CITY OF HUDSON, WISCONSIN**  
**WATER UTILITY ENTERPRISE FUND**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Pumping:</b>		
Salaries and Wages	\$ 88,166	\$ 76,489
Fringe Benefits	48,344	38,589
Power Purchased for Pumping	203,835	179,577
Operating Supplies	52,971	61,146
Maintenance of Structures and Improvements	33,412	40,615
Maintenance of Pumping Plant	16,722	52,261
Total Pumping	<u>443,450</u>	<u>448,677</u>
<b>Water Treatment:</b>		
Salaries and Wages	48,782	50,470
Fringe Benefits	26,039	28,407
Operating Supplies	21,396	16,250
Chemicals	28,532	32,979
Maintenance Supplies	4,944	12,587
Total Water Treatment	<u>129,693</u>	<u>140,693</u>
<b>Transmission and Distribution:</b>		
General Transmission and Distribution Expenses:		
Salaries and Wages	261,080	236,997
Fringe Benefits	129,671	118,712
Operating Supplies	4,043	3,979
Maintenance Supplies	1,752	177
Maintenance:		
Reservoirs and Towers:		
Salaries and Wages	333	810
Fringe Benefits	186	464
Other Expenses	37,457	435,257
Mains:		
Salaries and Wages	828	442
Fringe Benefits	378	519
Payment to North Hudson	112,478	115,133
Other Expenses	24,235	34,061
Services:		
Salaries and Wages	232	164
Fringe Benefits	238	117
Other Expenses	18,439	25,584

**CITY OF HUDSON, WISCONSIN**  
**WATER UTILITY ENTERPRISE FUND**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2018**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Transmission and Distribution (Continued):</b>		
Maintenance (Continued):		
Meters:		
Salaries and Wages	35,866	41,215
Fringe Benefits	21,432	24,286
Other Expenses	1,040	741
Hydrants:		
Salaries and Wages	5,579	15,449
Fringe Benefits	1,422	4,921
Other Expenses	22,972	19,712
Total Transmission and Distribution	<u>679,661</u>	<u>1,078,740</u>
<b>Meter Reading:</b>		
Salaries and Wages	7,293	11,338
Fringe Benefits	3,415	5,177
Other Expenses	9,927	9,714
Total Meter Reading	<u>20,635</u>	<u>26,229</u>
<b>Customer Accounting and Collection:</b>		
Salaries and Wages	33,492	28,177
Fringe Benefits	16,926	15,948
Other Expenses	8,589	14,039
Total Customer Accounting and Collection	<u>59,007</u>	<u>58,164</u>
<b>Administrative and General:</b>		
Salaries and Wages	204,357	170,217
Fringe Benefits	91,223	124,356
Office Supplies and Expenses	80,675	43,201
Outside Services Employed	169,257	159,232
Insurance (except transportation)	64,364	59,297
Rents	1,600	4,800
Miscellaneous General Expense	2,845	2,653
Transportation:		
Salaries and Wages	1,526	2,682
Fringe Benefits	1,639	1,958
Insurance	9,639	8,833
Other Expenses	31,363	30,601
Maintenance of General Plant	10,948	12,535
Other	2,120	10,000
Total Administrative and General	<u>671,556</u>	<u>630,365</u>
<b>Total Operation and Maintenance Expenses</b>	<u>\$ 2,004,002</u>	<u>\$ 2,382,868</u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2017)**

	2018	2017
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ -	\$ -
Future Facilities Account (Net of Debt Restriction)	4,450,297	4,087,069
Customer Accounts Receivable	390,313	327,900
Accounts Receivable on Tax Roll	62,525	52,839
Other Accounts Receivable	22,066	19,774
Due from Other Governmental Units	61,254	42,695
Total Current Assets	4,986,455	4,530,277
<b>Restricted Assets:</b>		
Cash and Investments:		
Revenue Bond Depreciation Account	-	158,282
Bond Redemption Account (from Future Facilities Account)	-	190,000
DNR Grant Replacement Account	1,871,510	1,843,079
Wisconsin Retirement System Net Pension Asset	64,510	-
Total Restricted Assets	1,936,020	2,191,361
<b>Capital Assets:</b>		
Utility Plant in Service	13,228,842	13,193,840
Less: Accumulated Depreciation	8,638,680	8,191,728
Net Capital Assets	4,590,162	5,002,112
Total Assets	11,512,637	11,723,750
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	120,281	150,844
Other Postemployment Benefits Related	4,693	-
State Life Insurance Other Postemployment Benefits Related	3,340	-
Total Deferred Outflows of Resources	128,314	150,844

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2017)**

	2018	2017
<b>LIABILITIES</b>		
<b>Current Liabilities Payable from Current Assets:</b>		
Vouchers and Accounts Payable	\$ 102,855	\$ 79,960
Due to Other Governmental Units	26,543	23,022
Accrued Employee Liabilities	16,688	22,850
Accrued Wages	10,716	10,987
Total Current Liabilities Payable From Current Assets	156,802	136,819
<b>Current Liabilities Payable From Restricted Assets:</b>		
Accrued Interest Payable	-	992
Current Portion of Revenue Bonds	-	208,681
Total Current Liabilities Payable From Restricted Assets	-	209,673
<b>Long-Term Liabilities (Less Current Portion):</b>		
Total Other Postemployment Benefits Liability	102,828	60,225
Wisconsin Retirement System Net Pension Liability	-	19,321
State Life Insurance Net Other Postemployment Benefits Liability	23,350	-
Total Long-Term Liabilities (Net of Current Portion):	126,178	79,546
Total Liabilities	282,980	426,038
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	127,919	61,294
State Life Insurance Other Postemployment Benefits Related	329	-
Total Deferred Inflows of Resources	128,248	61,294
<b>NET POSITION</b>		
Net Investment in Capital Assets	4,590,162	4,793,431
Restricted for Debt Service	-	347,290
Restricted for Asset Replacement	1,871,510	1,843,079
Restricted for Pension Plan	64,510	-
Unrestricted	4,703,541	4,403,462
Total Net Position	\$ 11,229,723	\$ 11,387,262

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018	2017
<b>OPERATING REVENUES:</b>		
Charges for Services:		
Residential	\$ 1,387,321	\$ 1,151,947
Commercial	443,068	353,225
Industrial	13,371	15,528
Public Authority	55,951	47,859
Less Charges for City/Village Replacement Accounts	(73,992)	(67,223)
Net Charges for Services	1,825,719	1,501,336
Other:		
Forfeited Discounts	14,512	13,020
Dam Maintenance Charges	7,994	6,076
Other	10,238	298
Total Operating Revenues	1,858,463	1,520,730
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance	1,811,981	1,712,693
Depreciation	446,952	440,585
Total Operating Expenses	2,258,933	2,153,278
<b>OPERATING LOSS</b>	(400,470)	(632,548)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	107,420	74,512
Hook-up Fees:		
City	233,276	370,410
Village	13,050	2,900
Gain (Loss) on Disposition of Capital Assets	-	3,350
Interest on Long-Term Debt	(1,983)	(7,878)
Total Nonoperating Revenues (Expenses)	351,763	443,294
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(48,707)	(189,254)
<b>TRANSFERS:</b>		
Transfer to General Fund	(61,075)	(60,901)
<b>CHANGE IN NET POSITION</b>	(109,782)	(250,155)
Net Position, January 1	11,387,262	11,637,417
Change in Accounting Principle	(47,757)	-
Net Position, January 1 - Restated	11,339,505	11,637,417
<b>NET POSITION, DECEMBER 31</b>	\$ 11,229,723	\$ 11,387,262

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Utility Customers	\$ 1,850,070	\$ 1,620,165
Cash Received for Dam Maintenance	7,994	6,076
Cash Paid for City/Village Surcharges	(89,030)	(68,873)
Cash Paid for Sewer Share of Meter Related Expense	(162,205)	(173,998)
Cash Payments to Suppliers for Goods and Services	(907,162)	(824,511)
Cash Payments for Employee Services	(702,303)	(704,441)
Net Cash Provided by (Used for) Operating Activities	<u>(2,636)</u>	<u>(145,582)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Payments for Tax Equivalents	<u>(61,075)</u>	<u>(60,901)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(35,002)	(118,671)
Cash Received as Utility Hook-up Fees	246,326	373,310
Principal Paid on Long-Term Debt	(208,681)	(202,896)
Interest Paid on Long-Term Debt	(2,975)	(8,842)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(332)</u>	<u>42,901</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>107,420</u>	<u>74,512</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	43,377	(89,070)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>6,278,430</u>	<u>6,367,500</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 6,321,807</u>	<u>\$ 6,278,430</u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018	2017
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (400,470)	\$ (632,548)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(83,831)	(20,524)
Deferred Outflows of Resources	30,563	72,227
Deferred Inflows of Resources	66,625	(22,559)
Change in OPEB Plan Activity:		
Liability	18,196	-
Deferred Outflows of Resources	(8,033)	-
Deferred Inflows of Resources	329	-
Depreciation	446,952	440,585
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(62,413)	29,107
Accounts Receivable on Tax Roll	(9,686)	(118)
Other Accounts Receivable	(2,292)	9,299
Due from Other Governments	(18,559)	(30)
Increase (Decrease) in Liabilities:		
Accounts Payable	22,895	(28,150)
Accrued Wages	(271)	706
Due to Other Government Units	3,521	(1,620)
Accrued Employee Benefits	(6,162)	8,043
Net Cash Provided by (Used for) Operating Activities	\$ (2,636)	\$ (145,582)
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 4,450,297	\$ 4,087,069
Cash and Investments - Restricted	1,871,510	2,191,361
Cash and Cash Equivalents	\$ 6,321,807	\$ 6,278,430

**CITY OF HUDSON, WISCONSIN**  
**SEWER UTILITY ENTERPRISE FUND**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)

	2018	2017
<b>Collection System:</b>		
Salaries and Related Costs	\$ 37,390	\$ 41,826
Supplies	711	65
Other Services and Charges	119,571	21,958
Total Collection System	157,672	63,849
<b>Wastewater Treatment Plant:</b>		
Salaries and Related Costs	364,926	344,558
Supplies	119,856	76,588
Biosolids Charges	335,654	340,154
Other Services and Charges	240,780	199,721
Total Wastewater Treatment Plant	1,061,216	961,021
<b>Lift Stations:</b>		
Salaries and Related Costs	39,357	35,498
Supplies	332	1,428
Other Services and Charges	24,394	40,468
Total Lift Stations	64,083	77,394
<b>Dams:</b>		
Salaries and Related Costs	6,045	5,552
Other Services and Charges	4,320	534
Total Dams	10,365	6,086
<b>Meter Reading:</b>		
Salaries and Related Costs	3,631	17,205
Supplies	6,353	6,902
Meter Use Charge Paid to Water Utility	162,205	173,998
Total Meter Reading	172,189	198,105
<b>Administrative and General:</b>		
Salaries and Related Costs	268,370	297,695
Supplies	2,240	3,648
Insurance	48,530	74,227
Other Services and Charges	27,316	30,668
Total Administrative and General	346,456	406,238
 Total Operation and Maintenance Expenses	 \$ 1,811,981	 \$ 1,712,693

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2017)**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ 288,483	\$ 277,882
Future Facilities	93,286	73,185
Special Assessments	26,644	35,525
Receivable on Tax Roll	-	10,991
Total Current Assets	<u>418,982</u>	<u>397,583</u>
<b>Restricted Assets:</b>		
Wisconsin Retirement System Pension Plan Asset	<u>8,443</u>	<u>-</u>
<b>Capital Assets:</b>		
Parking Assets in Service	1,819,532	1,819,532
Less Accumulated Depreciation	<u>553,478</u>	<u>509,679</u>
Total Capital Assets	<u>1,266,054</u>	<u>1,309,853</u>
Total Assets	<u>1,693,479</u>	<u>1,707,436</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	15,741	17,365
Other Postemployment Benefits Related	<u>782</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>16,523</u>	<u>17,365</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Vouchers and Accounts Payable	5,365	4,389
Accrued Wages	1,278	1,229
Accrued Employee Benefits	1,725	801
Due Other Governmental Units	422	4
Security Deposit	<u>125</u>	<u>125</u>
Total Current Liabilities	<u>8,915</u>	<u>6,548</u>
<b>Long-Term Liabilities:</b>		
Wisconsin Retirement System Net Pension Liability	-	2,224
Total Other Postemployment Benefits Liability	<u>17,138</u>	<u>-</u>
Total Long-Term Liabilities	<u>17,138</u>	<u>2,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	<u>16,741</u>	<u>7,056</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,266,054	1,309,853
Restricted	8,443	-
Unrestricted	392,711	399,120
Total Net Position	<u>\$ 1,667,208</u>	<u>\$ 1,708,973</u>

**CITY OF HUDSON, WISCONSIN**  
**PARKING UTILITY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2018**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES:</b>		
Parking Meters	\$ 101,070	\$ 110,657
Parking Permits	11,706	12,759
Parking Tickets	37,985	35,020
Other	<u>4,190</u>	<u>16,510</u>
Total Operating Revenues	<u>154,951</u>	<u>174,946</u>
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
General Utility	125,997	139,643
Parking Lots	16,356	12,318
Meters	3,087	2,241
Total Operation and Maintenance	<u>145,440</u>	<u>154,202</u>
Depreciation	<u>43,799</u>	<u>43,799</u>
Total Operating Expenses	<u>189,239</u>	<u>198,001</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(34,288)</u>	<u>(23,055)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>7,511</u>	<u>5,340</u>
<b>CHANGE IN NET POSITION</b>	<u>(26,777)</u>	<u>(17,715)</u>
Net Position, January 1	1,708,973	1,726,688
Change in Accounting Principle	<u>(14,988)</u>	<u>-</u>
Net Position, January 1 - Restated	<u>1,693,985</u>	<u>1,726,688</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 1,667,208</u>	<u>\$ 1,708,973</u>

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 102,625	\$ 123,420
Cash Received from Parking Forfeitures	62,047	60,832
Cash Payments to Suppliers for Goods and Services	(47,517)	(64,766)
Cash Payments for Employee Services	(93,964)	(92,236)
Net Cash Provided (Used) by Operating Activities	23,191	27,250
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	7,511	5,340
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	30,702	32,590
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	351,067	318,477
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 381,769	\$ 351,067
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (34,288)	\$ (23,055)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(10,667)	(82)
Deferred Outflows of Resources	1,624	(3,900)
Deferred Inflows of Resources	9,685	2,203
Change in OPEB Plan:		
Asset/Liability	2,150	-
Deferred Outflows of Resources	(782)	-
Depreciation	43,799	43,799
(Increase) Decrease in Assets:		
Accounts Receivable	(10,569)	-
Other Receivables	19,872	9,302
Increase (Decrease) in Liabilities:		
Accounts Payable	976	(1,854)
Due to Other Governmental Units	418	4
Accrued Wages Payable	49	32
Accrued Employee Benefits	924	801
Net Cash Provided by Operating Activities	\$ 23,191	\$ 27,250

**CITY OF HUDSON, WISCONSIN  
AMBULANCE SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)

	2018	2017
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments		
Operations	\$ 774,581	\$ 633,271
Asset Replacement	27,216	26,803
Accounts Receivable:		
Customer/Patient	423,021	318,330
Allowance for Doubtful Accounts	(255,624)	(182,826)
Prepaid Asset	300	900
Total Current Assets	969,494	796,478
<b>Restricted Assets:</b>		
Wisconsin Retirement System Net Pension Asset	100,620	-
<b>Capital Assets:</b>		
Ambulance Equipment In Service	1,143,816	1,127,079
Less: Accumulated Depreciation	576,238	578,833
Net Capital Assets	567,578	548,246
Total Assets	1,637,692	1,344,724
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	187,609	130,110
Other Postemployment Benefits Related	4,693	-
State Life Insurance Other Postemployment Benefits Related	2,049	-
Total Deferred Outflows of Resources	194,351	130,110

**CITY OF HUDSON, WISCONSIN  
AMBULANCE SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2018**

(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)

	2018	2017
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Vouchers and Accounts Payable	24,441	14,837
Accrued Wages	20,120	13,366
Accrued Employee Liabilities	14,566	20,052
Advances from Other Funds	23,811	34,835
Unearned Revenue	6,704	6,910
Total Current Liabilities	89,642	90,000
<b>Long-Term Liabilities:</b>		
Advances from Other Funds (Net of Current Portion)	-	23,811
Wisconsin Retirement System Net Pension Liability	-	16,665
Total Other Postemployment Benefits Liability	102,828	55,685
State Life Insurance Net Other Postemployment Benefits Liability	14,325	-
Total Long-Term Liabilities:	117,153	96,161
Total Liabilities	206,795	186,161
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Plan Related	199,522	52,869
State Life Insurance Other Postemployment Benefits Related	202	-
Total Deferred Inflows of Resources	199,724	52,869
<b>NET POSITION</b>		
Net Investment in Capital Assets	543,767	489,600
Restricted for Wisconsin Retirement System Pension Plan	100,620	-
Unrestricted	781,137	746,204
Total Net Position	\$ 1,425,524	\$ 1,235,804

**CITY OF HUDSON, WISCONSIN**  
**AMBULANCE SERVICE ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2018**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES:</b>		
Patient Revenue:		
Charges	\$ 2,509,987	\$ 2,195,033
Less Adjustments	(1,403,185)	(1,193,849)
Intergovernmental:		
State Grant	6,910	7,386
Contracts:		
City	233,648	190,176
Others	240,746	196,574
	<u>1,588,106</u>	<u>1,395,320</u>
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
Salaries and Related Costs	938,748	898,006
Other Services and Charges	175,621	178,458
Operating Supplies and Expenses	116,922	86,519
Insurance	40,241	43,971
Building Use Payment to City	7,020	7,020
Total Operation and Maintenance	<u>1,278,552</u>	<u>1,213,974</u>
Depreciation	<u>92,357</u>	<u>86,583</u>
	<u>1,370,909</u>	<u>1,300,557</u>
<b>OPERATING INCOME (LOSS)</b>	<u>217,197</u>	<u>94,763</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	5,913	2,773
Donations	13,212	2,150
Gain/Loss on Sale of Capital Assets	-	7,900
Interest Expense	<u>(1,283)</u>	<u>(2,612)</u>
	<u>17,842</u>	<u>10,211</u>
<b>CHANGE IN NET POSITION</b>	<u>235,039</u>	<u>104,974</u>
Net Position, January 1	1,235,804	1,130,830
Change in Accounting Principle	<u>(45,319)</u>	<u>-</u>
Net Position, January 1 - Restated	<u>1,190,485</u>	<u>1,130,830</u>
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ 1,425,524</u></u>	<u><u>\$ 1,235,804</u></u>

**CITY OF HUDSON, WISCONSIN  
 AMBULANCE SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2018  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers/Patients	\$ 1,067,835	\$ 1,015,202
Cash Received from Government Subsidies/Contracts/Grants	481,098	393,660
Cash Payments to Suppliers for Goods and Services	(329,600)	(319,460)
Cash Payments for Employee Services	(948,928)	(864,608)
Net Cash Provided by (Used for) Operating Activities	<u>270,405</u>	<u>224,794</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Received for Donations	<u>13,212</u>	<u>2,150</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(111,689)	(92,633)
Cash Received for Salvage of Capital Assets	-	7,900
Cash Paid on General Fund Advance	(34,835)	(57,764)
Cash Paid for Interest on Advance	(1,283)	(2,612)
Net Cash Provided by (Used for) Capital Financing Activities	<u>(147,807)</u>	<u>(145,109)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>5,913</u>	<u>2,773</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	141,723	84,608
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>660,074</u>	<u>575,466</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u><u>\$ 801,797</u></u>	<u><u>\$ 660,074</u></u>

**CITY OF HUDSON, WISCONSIN  
 AMBULANCE SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2018  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017)**

	2018	2017
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 217,197	\$ 94,763
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(117,285)	(13,123)
Deferred Outflows of Resources	(57,499)	37,036
Deferred Inflows of Resources	146,653	(9,819)
Change in OPEB Plan:		
Asset/Liability	16,149	-
Deferred Outflows of Resources	(6,742)	-
Deferred Inflows of Resources	202	-
Depreciation	92,357	86,583
Allowance for Customer/Patient Accounts Receivable	72,798	(11,408)
(Increase) Decrease in Assets:		
Customer/Patient Accounts Receivable	(104,691)	25,566
Prepaid Assets	600	600
Increase (Decrease) in Liabilities:		
Unearned Revenues	(206)	(476)
Accrued Employee Liabilities	1,268	19,164
Accounts Payable	9,604	(4,092)
Net Cash Provided by (Used for) Operating Activities	\$ 270,405	\$ 224,794