

CITY OF HUDSON, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The City Council
City of Hudson
Hudson, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules, and other postemployment benefits schedules 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 for the year ended December 31, 2021, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual and combining fund statements and schedules for the year ended December 31, 2021, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2021, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021.

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, 2020 (not presented herein), and have issued our report dated October 15, 2021, which contained 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. The individual fund statements and schedules for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statements. The information was subjected to the auditing procedures applied in the audit of the 2020 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 individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.



CliftonLarsonAllen LLP

Hudson, Wisconsin
October 17, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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, 2021 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 \$95,694,265 (net position). Of this amount, \$65,684,736 represented the City's net investment in capital assets, \$11,295,306 was held for restricted purposes, and \$18,714,223 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 \$2,611,661. Net position related to the business-type activities of the City increased \$1,179,586, while net position related to governmental activities increased \$1,432,075.
- At the end of 2021, the City's governmental funds reported combined ending fund balances of \$17,818,911, an increase of \$4,890,870 from the previous year. This increase was largely attributable to unspent debt proceeds in the capital projects fund at the end of the current year.
- During the year, the general fund balance decreased \$505,448. At the end of 2021, the unassigned general fund balance totaled \$4,487,036 or 41.7% of the general fund expenditures. The City has assigned \$547,502 of its general fund balance, which together with the year-end unassigned balance, represented 46.8% of general fund expenditures.
- The City's outstanding long-term debt and other long-term obligations increased \$12,747,842 during the current fiscal year. The City issued \$5,495,000 in general obligation debt and \$9,734,121 in sewer revenue bonds during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, 2021**

The City reports sixteen (16) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, impact fees fund, debt service fund and capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section.

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

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

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

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

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

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

Notes to the Financial Statements

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

Supplementary Information

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

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

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 \$95,694,265 at the close of 2021. The largest portion of this net position (69%) 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:

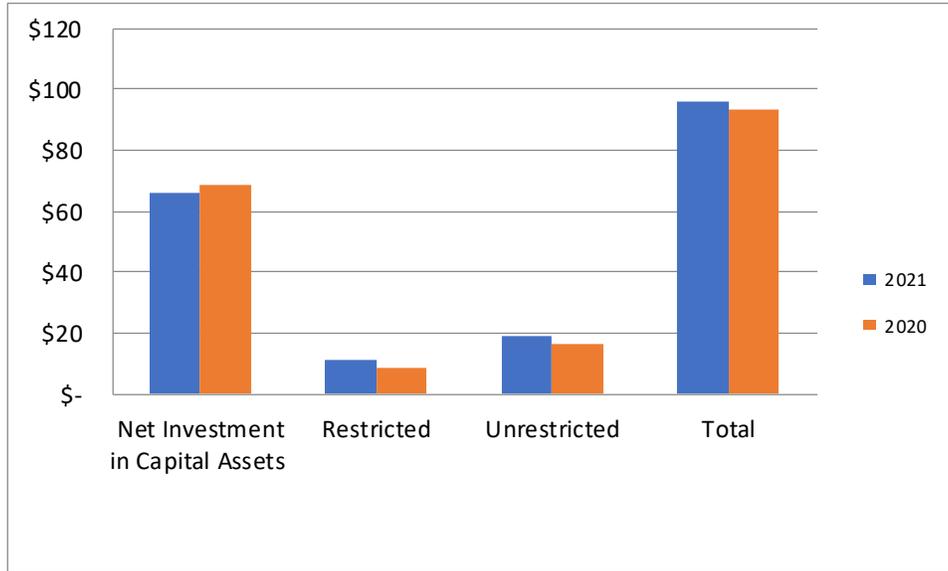
**Condensed Statement of Net Position
December 31, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 34,061,440	\$ 26,444,831	\$ 17,544,245	\$ 14,151,719	\$ 51,605,685	\$ 40,596,550
Capital Assets	53,272,841	54,263,464	44,453,151	37,100,569	97,725,992	91,364,033
Internal Balances	-	(52,284)	-	52,284	-	-
Total Assets	<u>87,334,281</u>	<u>80,656,011</u>	<u>61,997,396</u>	<u>51,304,572</u>	<u>149,331,677</u>	<u>131,960,583</u>
Deferred Outflows of Resources	4,353,828	3,123,901	718,479	521,705	5,072,307	3,645,606
Long-Term Debt Outstanding	23,630,672	20,081,116	11,962,123	2,405,836	35,592,795	22,486,952
Other Long-Term Obligations	182,832	597,742	-	-	182,832	597,742
Other Liabilities	3,404,406	2,088,702	1,620,667	1,723,568	5,025,073	3,812,270
Total Liabilities	<u>27,217,910</u>	<u>22,767,560</u>	<u>13,582,790</u>	<u>4,129,404</u>	<u>40,800,700</u>	<u>26,896,964</u>
Deferred Inflows of Resources	16,923,233	14,897,461	985,786	729,160	17,909,019	15,626,621
Net Position:						
Net Investment in						
Capital Assets	33,647,550	34,477,969	32,037,186	33,719,241	65,684,736	68,197,210
Restricted	8,205,788	5,554,536	3,089,518	2,872,579	11,295,306	8,427,115
Unrestricted	5,693,628	6,082,386	13,020,595	10,375,893	18,714,223	16,458,279
Total Net Position	<u>\$ 47,546,966</u>	<u>\$ 46,114,891</u>	<u>\$ 48,147,299</u>	<u>\$ 46,967,713</u>	<u>\$ 95,694,265</u>	<u>\$ 93,082,604</u>

An additional portion of the City's net position (12%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$18,714,223 of total net position (19%) may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$13,020,595 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, 2021**

The following chart shows the comparison of the three components of net position for the years 2021 and 2020 (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, 2021, shows total net position increased \$1,432,075 (3.0%) from the prior year. The primary reason is due to the City receiving more in intergovernmental funding and increased property tax revenues.

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, 2021, shows total net position increased \$1,179,586 (2.4%) from the prior year. The key reason for this increase is due to increased user rates.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

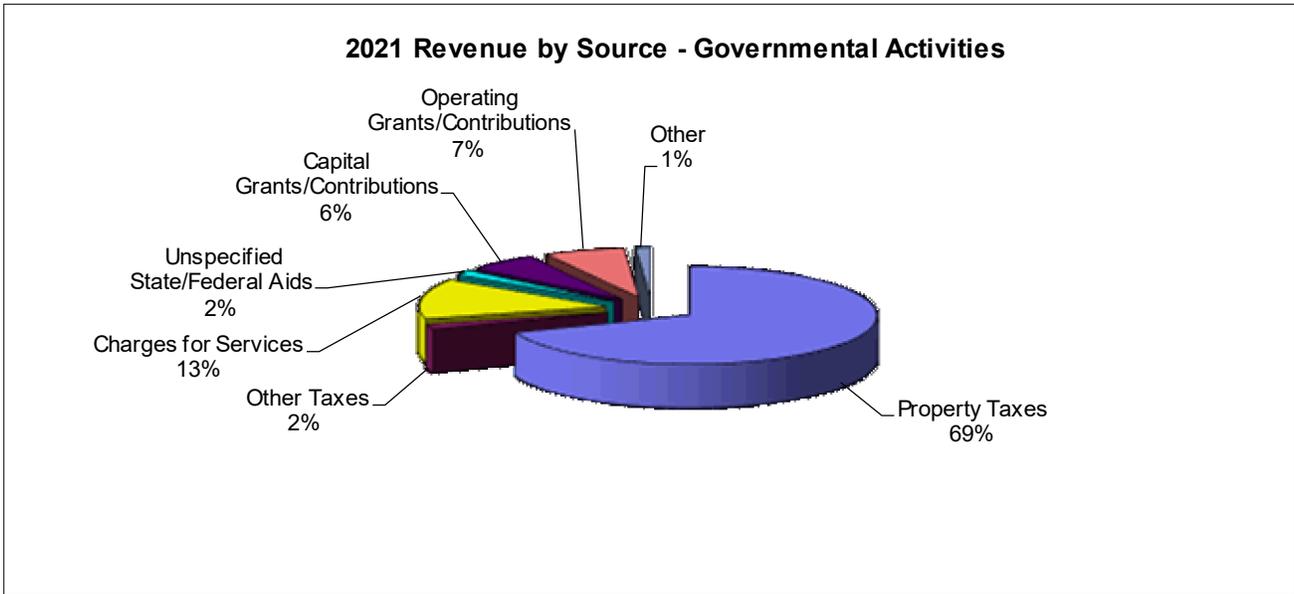
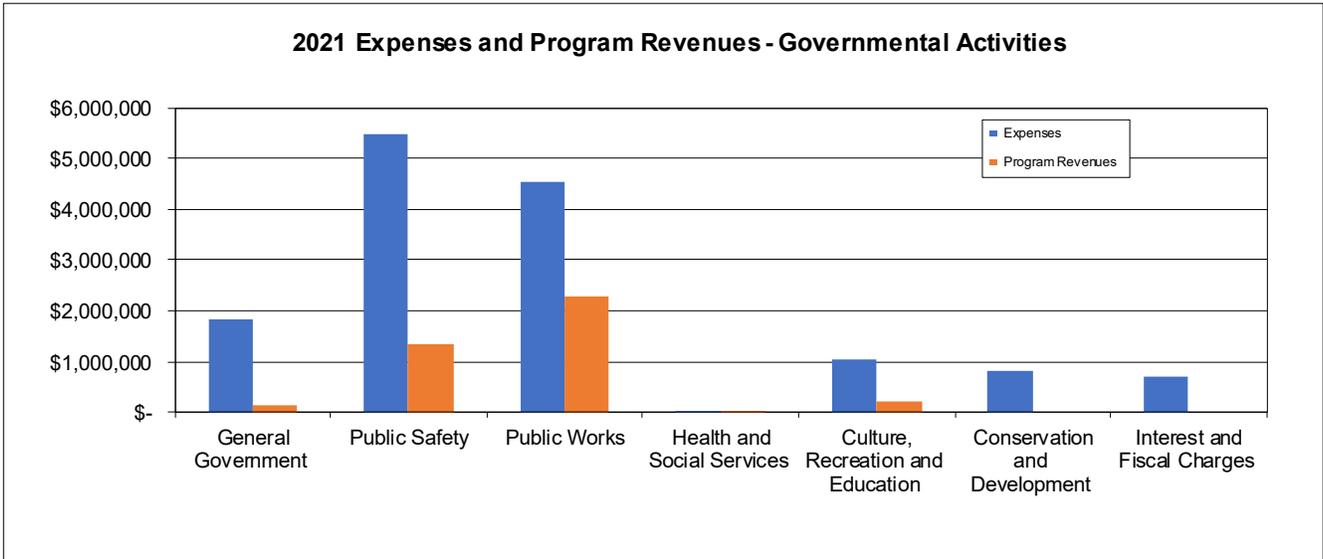
The following is a summary of the changes in the City's net position for the years ended December 31, 2021 and 2020:

**Condensed Statement of Changes in Net Position
December 31, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,033,412	\$ 2,027,713	\$ 6,990,142	\$ 6,248,862	\$ 9,023,554	\$ 8,276,575
Operating Grants and Contributions	1,057,602	1,116,043	-	-	1,057,602	1,116,043
Capital Grants and Contributions	917,928	409,305	419,146	650,645	1,337,074	1,059,950
General Revenues:						
Property Taxes	10,596,892	9,515,785	-	-	10,596,892	9,515,785
Other Taxes	264,078	176,268	-	-	264,078	176,268
State and Federal Aids not Restricted to Specific Programs	244,390	498,358	-	-	244,390	498,358
Other	188,950	402,221	18,080	117,408	207,030	519,629
Total Revenues	15,303,252	14,145,693	7,427,368	7,016,915	22,730,620	21,162,608
Expenses:						
General Government	1,841,320	2,251,861	-	-	1,841,320	2,251,861
Public Safety	5,477,392	5,037,086	-	-	5,477,392	5,037,086
Public Works	4,551,191	3,870,778	-	-	4,551,191	3,870,778
Health and Social Services	19,394	19,451	-	-	19,394	19,451
Culture, Recreation, and Education	1,055,174	1,290,329	-	-	1,055,174	1,290,329
Conservation and Development	827,996	656,378	-	-	827,996	656,378
Interest and Fiscal Charges	691,662	490,663	-	-	691,662	490,663
Water	-	-	3,225,034	3,455,228	3,225,034	3,455,228
Sewage Treatment	-	-	2,094,935	1,991,782	2,094,935	1,991,782
Parking Facility	-	-	316,966	277,321	316,966	277,321
Ambulance Services	-	-	17,895	39,193	17,895	39,193
Total Expenses	14,464,129	13,616,546	5,654,830	5,763,524	20,118,959	19,380,070
Change in Net Position before Transfers	839,123	529,147	1,772,538	1,253,391	2,611,661	1,782,538
Transfers	592,952	573,979	(592,952)	(573,979)	-	-
Change in Net Position	1,432,075	1,103,126	1,179,586	679,412	2,611,661	1,782,538
Net Position - Beginning of Year	46,114,891	45,011,765	46,967,713	46,288,301	93,082,604	91,300,066
Net Position - End of Year	\$ 47,546,966	\$ 46,114,891	\$ 48,147,299	\$ 46,967,713	\$ 95,694,265	\$ 93,082,604

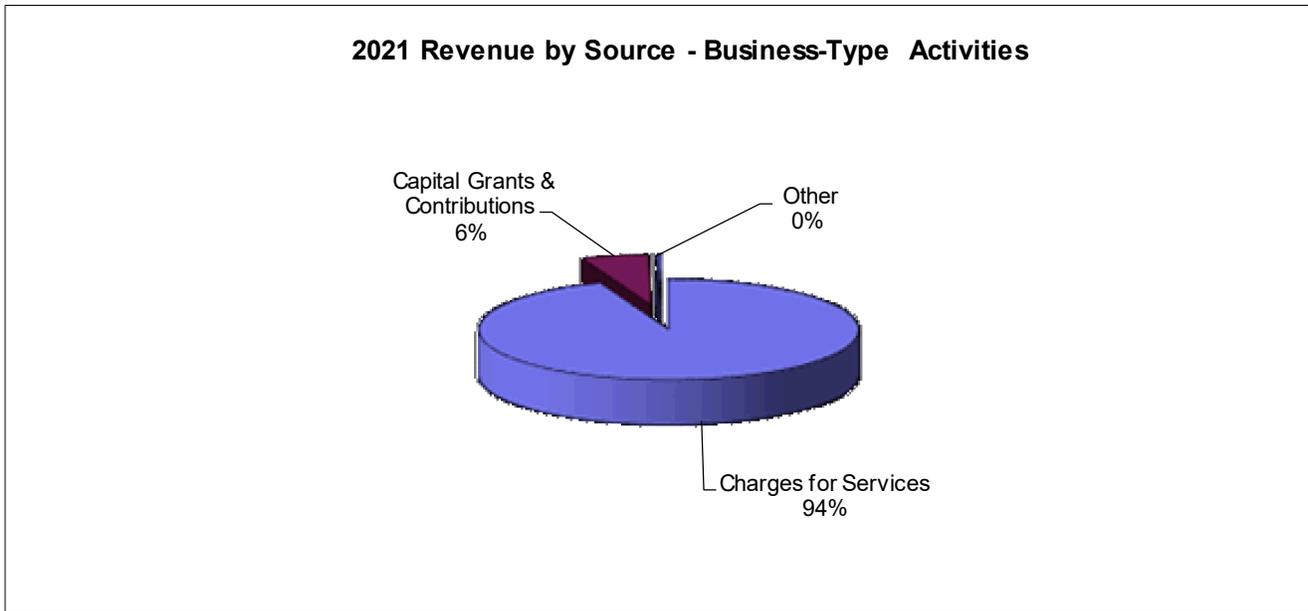
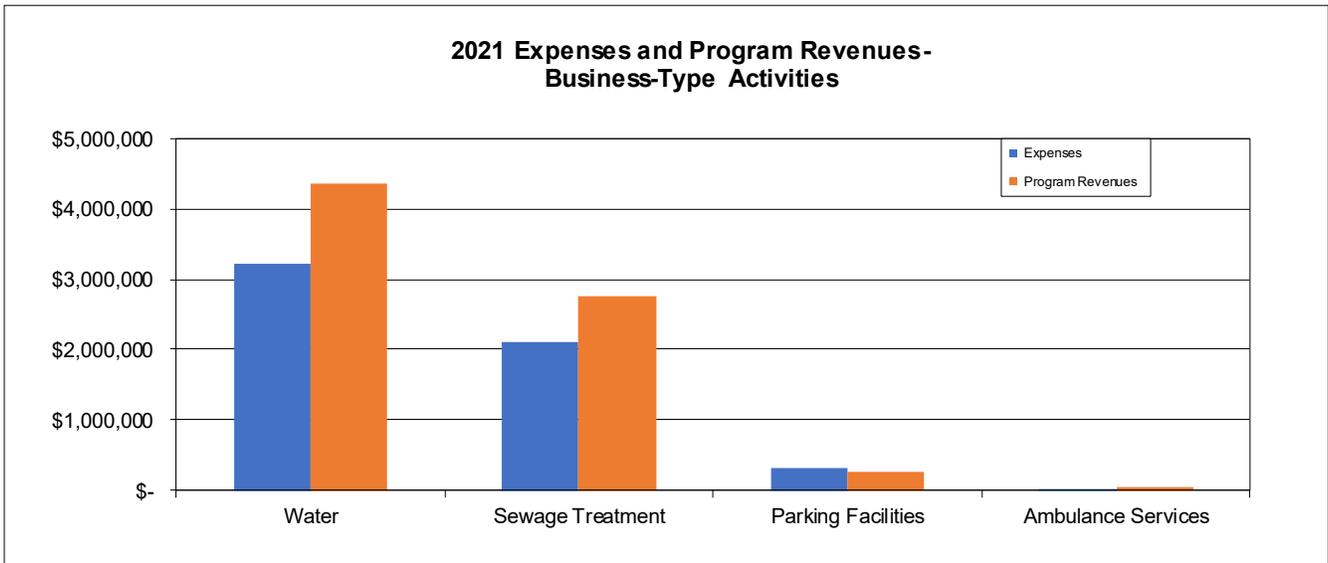
A review of the statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The following charts draw data from the statement of activities.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**



As shown above, the City is highly dependent on property taxes (69%) 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, 2021**



In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (94%) 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, 2021**

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, 2021, the City's governmental funds reported combined ending fund balances of \$17,818,911, an increase of \$4,890,870 from the previous year, which is primarily a result of unspent debt proceeds in the capital projects fund at the end of the current year. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/2021					Total	Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds:							
General Fund	\$ 66,144	\$ -	\$ -	\$ 547,502	\$ 4,487,036	\$ 5,100,682	\$ (505,448)
Impact Fees Fund	-	1,657,519	-	-	-	1,657,519	11,715
Debt Service Fund	-	29,416	-	-	-	29,416	29,416
Capital Projects Fund	-	4,005,381	2,212,306	-	-	6,217,687	3,917,583
Nonmajor Funds:							
Room Tax Fund	-	-	125,739	-	-	125,739	(11,593)
American Rescue Plan Act (ARPA) Fund	-	-	874	-	-	874	874
Sewer Collection System Replacement Fund	-	-	1,206,485	-	-	1,206,485	56,564
Parks Dedication Fees Fund	-	662,362	-	-	-	662,362	(33,206)
Police Donations Fund	-	45,844	-	-	-	45,844	(4,033)
Golden Rule Donations Fund	-	297	-	-	-	297	297
Police Drug Forfeitures Fund	-	3,550	-	-	-	3,550	2,178
Business Park Revolving Loan Fund	-	584,064	-	-	-	584,064	126
Storm Water MS-4 Fund	-	160,530	-	-	-	160,530	35
Storm Water Fund	-	530,518	-	-	-	530,518	62,471
Tax Incremental District #5 Fund	-	1,112,929	-	-	-	1,112,929	966,772
Tax Incremental District #6 Fund	-	380,415	-	-	-	380,415	397,119
Total	\$ 66,144	\$ 9,172,825	\$ 3,545,404	\$ 547,502	\$ 4,487,036	\$ 17,818,911	\$ 4,890,870

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 47.4% of total general fund expenditures reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance represented 41.7% of the same amount. The City has assigned \$547,502 of its general fund balance which combined with the year-end unassigned balance of \$4,487,036, represented 46.8% of that same amount.

The general fund's total fund balance decreased \$505,448 during the year, which is primarily due to the public safety expenditures exceeding budget.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

The impact fees fund, a special revenue fund, had a balance of \$1,657,519 at December 31, 2021. 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 2021, the City refunded \$42,234 of impact fees during the year.

The debt service fund had a \$29,416 balance at December 31, 2021.

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, 2021, was \$6,217,687, an increase of \$3,917,583 from the prior year, due to additional unspent debt proceeds at the end of the current year.

The aggregated other governmental funds column includes various special revenue and Tax Incremental District (TID) capital projects funds used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes. The accumulated fund balances of these funds increased \$1,437,604 during 2021. 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, 2021**

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 2021 totaled \$48,147,299, up \$1,179,586 from the previous year.

**Condensed Statement of Changes in Net Position for Enterprise Funds
Years Ended December 31, 2021 and 2020**

	Water Utility		Sewer Utility		Parking Utility		Ambulance Service		Totals	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating Revenues	\$ 4,195,936	\$ 3,558,373	\$ 2,490,067	\$ 2,466,232	\$ 263,911	\$ 165,222	\$ 40,228	\$ 59,035	\$ 6,990,142	\$ 6,248,862
Operating Expenses:										
Depreciation	1,096,968	1,071,932	362,429	361,259	78,211	62,718	-	-	1,537,608	1,495,909
Other	2,083,502	2,336,204	1,665,362	1,630,523	238,755	214,603	17,895	39,193	4,005,514	4,220,523
Operating Income (Loss)	1,015,466	150,237	462,276	474,450	(53,055)	(112,099)	22,333	19,842	1,447,020	532,430
Nonoperating Revenues (Expenses)	(42,225)	8,295	216,950	697,224	1,015	2,064	144	1,852	175,884	709,435
Net Income (Loss) Before Contributions and Transfers	973,241	158,532	679,226	1,171,674	(52,040)	(110,035)	22,477	21,694	1,622,904	1,241,865
Capital Contributions	149,634	11,526	-	-	-	-	-	-	149,634	11,526
Transfers to Other Funds	(523,567)	(513,079)	(69,385)	(60,900)	-	-	-	-	(592,952)	(573,979)
Changes in Net Position	599,308	(343,021)	609,841	1,110,774	(52,040)	(110,035)	22,477	21,694	1,179,586	679,412
Net Position - Beginning	32,108,064	32,451,085	12,498,658	11,387,884	1,537,982	1,648,017	823,009	801,315	46,967,713	46,288,301
Net Position - End of Year	\$ 32,707,372	\$ 32,108,064	\$ 13,108,499	\$ 12,498,658	\$ 1,485,942	\$ 1,537,982	\$ 845,486	\$ 823,009	\$ 48,147,299	\$ 46,967,713

The water utility had operating income of \$1,015,466 in 2021. The utility also provides services to residents of the Village of North Hudson. The Utility adjusted user rates effective October 1, 2021.

The sewer utility had operating income of \$462,276 in 2021 and had an overall positive change in net position of \$609,841. The utility also provides services to residents of the Village of North Hudson. The City increased user rates effective in January 1, 2021.

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 utility had an operating loss of \$53,055 in 2021.

The ambulance service fund is used to account for operations of the City's emergency medical services department (St. Croix EMS & Rescue). During September of 2019, the City discontinued ambulance service operations and sold off most of the related assets. The balances remaining will be settled in 2022.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the Budgetary Comparison Schedule for the general fund (in required supplementary information), the 2021 general fund budget was not modified by the City Council. The general fund balance decreased during 2021 by \$505,448. The primary reason for the decrease is due to the City's expenditures exceeding budget. The City ended the year with a favorable variance between actual amounts and budget amounts for revenues of \$212,751 (2.2%) and a negative budget variance for expenditures of \$751,088 (-7.5%). The negative expenditure variance is due to a number of expenditure accounts being over budget, including municipal building, police patrol, and community development costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021 and 2020 was as shown below:

**Capital Assets, Net of Accumulated Depreciation
December 31, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Not Subject to Depreciation:						
Land and Land Rights	\$ 8,615,591	\$ 8,515,591	\$ 1,027,280	\$ 1,027,280	\$ 9,642,871	\$ 9,542,871
Construction Work in Progress	767,686	103,619	12,570,539	3,999,808	13,338,225	4,103,427
Subject to Depreciation:						
Buildings and Improvements	13,911,044	13,929,070	-	-	13,911,044	13,929,070
Land Improvements	3,155,303	2,748,020	-	-	3,155,303	2,748,020
Equipment and Vehicles	11,818,282	11,269,650	-	-	11,818,282	11,269,650
Infrastructure	92,244,416	92,161,744	-	-	92,244,416	92,161,744
Water System Plant	-	-	42,824,088	42,617,016	42,824,088	42,617,016
Sewage Treatment Plant	-	-	13,269,262	13,208,299	13,269,262	13,208,299
Parking Utility	-	-	1,436,739	1,436,739	1,436,739	1,436,739
Subtotal	130,512,322	128,727,694	71,127,908	62,289,142	201,640,230	191,016,836
Accumulated Depreciation	77,239,481	74,464,230	26,674,757	25,188,573	103,914,238	99,652,803
Total	\$ 53,272,841	\$ 54,263,464	\$ 44,453,151	\$ 37,100,569	\$ 97,725,992	\$ 91,364,033

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Capital Assets (Continued)

The major additions to the City's capital assets during 2021 can be summarized as follows:

- Sewer Utility Wastewater Treatment Plant (work in progress) \$ 7,628,018

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, 2021, the City had outstanding \$35,747,261 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, 2021 and 2020**

	Governmental Activities	Business-Type Activities	Outstanding 2021	Outstanding 2020	% Change
Long-Term Debt:					
General Obligation Debt	\$ 22,990,000	\$ 700,000	\$ 23,690,000	\$ 20,275,000	16.8 %
Unamortized Debt Discount	-	-	-	(104)	(100.0)
Unamortized Debt Premium	640,672	5,232	645,904	552,110	17.0
Sewer Revenue Bonds	-	9,734,121	9,734,121	-	100.0
Water Revenue Bonds	-	1,494,404	1,494,404	1,574,671	(5.1)
Subtotal	<u>23,630,672</u>	<u>11,933,757</u>	<u>35,564,429</u>	<u>22,401,677</u>	58.8
Other Long-Term Obligations:					
Estimated Employee Leave	154,466	28,366	182,832	597,742	(69.4)
Total	<u>\$ 23,785,138</u>	<u>\$ 11,962,123</u>	<u>\$ 35,747,261</u>	<u>\$ 22,999,419</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, 2021 totaled \$23,690,000, approximately 19.8% of the maximum legal limit of \$119,530,435.

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, 2021**

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, 2021**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Joint Library	St Croix Business Park	Community Access Board
ASSETS						
Cash and Investments	\$ 19,498,831	\$ 12,547,788	\$ 32,046,619	\$ 338,357	\$ 3,101,141	\$ 1,257,616
Taxes Receivable	10,591,074	154,774	10,745,848	-	-	-
Special Assessments Receivable	129,949	-	129,949	-	-	-
Specials and Delinquents Held by County	4,181	-	4,181	-	-	-
Accounts Receivable	654,270	1,569,975	2,224,245	975	1,459	57,360
Due from Other Governmental Units	645,000	152,998	797,998	36	-	-
Prepayments	40,246	3,220	43,466	-	-	2,139
Inventories	-	25,815	25,815	-	-	-
Restricted Assets:						
Cash and Investments	-	2,687,308	2,687,308	-	-	-
Wisconsin Retirement System Net Pension Asset	2,497,889	402,367	2,900,256	98,623	-	29,577
Capital Assets:						
Capital Assets Not Being Depreciated	9,383,277	13,597,819	22,981,096	-	855,784	-
Capital Assets Being Depreciated	121,129,045	57,530,089	178,659,134	1,233,559	82,725	281,595
Accumulated Depreciation	(77,239,481)	(26,674,757)	(103,914,238)	(532,767)	(59,260)	(181,014)
Total Assets	87,334,281	61,997,396	149,331,677	1,138,783	3,981,849	1,447,273
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System Pension						
Plan Related	4,159,832	670,078	4,829,910	164,242	-	49,256
Other Postemployment Benefits Related	84,092	17,474	101,566	7,645	-	1,092
State Life Insurance Other Postemployment Benefits Related	109,904	30,927	140,831	11,649	-	1,388
Total Deferred Outflows of Resources	4,353,828	718,479	5,072,307	183,536	-	51,736

See accompanying Notes to Basic Financial Statements.

CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Joint Library	St Croix Business Park	Community Access Board
LIABILITIES						
Vouchers and Accounts Payable	\$ 719,491	\$ 695,833	\$ 1,415,324	\$ 13,511	\$ 2,536	\$ 7,305
Construction Contracts Payable	3,578	482,365	485,943	-	-	-
Accrued Interest Payable	234,494	31,739	266,233	-	-	-
Payroll Withholdings	9,087	-	9,087	-	-	-
Accrued Wages	222,937	59,300	282,237	18,733	-	3,973
Due to Other Governmental Units	64	68,356	68,420	-	-	-
Unearned Revenues	738,070	-	738,070	-	6,800	-
Special Deposits	236,333	-	236,333	-	-	-
Security Deposit	-	125	125	-	-	-
Noncurrent Liabilities:						
Other Postemployment Benefits Liability	1,007,363	209,323	1,216,686	91,579	-	13,083
State Life Insurance Net Other						
Postemployment Benefits Liability	261,355	73,626	334,981	27,985	-	3,333
Amounts Due Within One Year	1,974,466	597,256	2,571,722	10,707	-	12,576
Amounts Due in More than One Year	21,810,672	11,364,867	33,175,539	-	-	-
Total Liabilities	<u>27,217,910</u>	<u>13,582,790</u>	<u>40,800,700</u>	<u>162,515</u>	<u>9,336</u>	<u>40,270</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year's Property Taxes	10,975,123	-	10,975,123	-	-	-
Wisconsin Retirement System Pension						
Plan Related	5,473,308	881,658	6,354,966	216,101	-	64,808
Other Postemployment Benefits Related	400,848	83,294	484,142	36,442	-	5,206
State Life Insurance Other Postemployment						
Benefits Related	73,954	20,834	94,788	7,919	-	943
Total Deferred Inflows of Resources	<u>16,923,233</u>	<u>985,786</u>	<u>17,909,019</u>	<u>260,462</u>	<u>-</u>	<u>70,957</u>
NET POSITION						
Net Investment in Capital Assets	33,647,550	32,037,186	65,684,736	690,085	879,249	88,005
Restricted for:						
Debt Service	569,871	-	569,871	-	-	-
Asset Replacement	-	1,940,028	1,940,028	-	-	-
Capital Projects	3,813,225	-	3,813,225	-	-	-
Economic Development Loan Programs	584,064	-	584,064	-	-	-
Pension Plan	2,497,889	402,367	2,900,256	-	-	-
Other Purposes	740,739	747,123	1,487,862	209,257	3,093,264	1,299,777
Unrestricted	5,693,628	13,020,595	18,714,223	-	-	-
Total Net Position	<u>\$ 47,546,966</u>	<u>\$ 48,147,299</u>	<u>\$ 95,694,265</u>	<u>\$ 899,342</u>	<u>\$ 3,972,513</u>	<u>\$ 1,387,782</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

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	
Primary Government:										
Governmental Activities:										
General Government	\$ 1,841,320	\$ 155,455	\$ -	\$ -	\$ (1,685,865)	\$ -	\$ (1,685,865)	\$ -	\$ -	\$ -
Public Safety	5,477,392	1,063,226	120,573	152,741	(4,140,852)	-	(4,140,852)	-	-	-
Public Works	4,551,191	681,737	838,012	765,187	(2,266,255)	-	(2,266,255)	-	-	-
Health and Social Services	19,394	2,985	-	-	(16,409)	-	(16,409)	-	-	-
Culture, Recreation and Education	1,055,174	130,009	99,017	-	(826,148)	-	(826,148)	-	-	-
Conservation and Development	827,996	-	-	-	(827,996)	-	(827,996)	-	-	-
Interest and Fiscal Charges	691,662	-	-	-	(691,662)	-	(691,662)	-	-	-
Total Governmental Activities	14,464,129	2,033,412	1,057,602	917,928	(10,455,187)	-	(10,455,187)	-	-	-
Business-Type Activities:										
Water	3,225,034	4,195,936	-	149,634	-	1,120,536	1,120,536	-	-	-
Sewage Treatment	2,094,935	2,490,067	-	269,512	-	664,644	664,644	-	-	-
Parking Facilities	316,966	263,911	-	-	-	(53,055)	(53,055)	-	-	-
Ambulance Services	17,895	40,228	-	-	-	22,333	22,333	-	-	-
Total Business-Type Activities	5,654,830	6,990,142	-	419,146	-	1,754,458	1,754,458	-	-	-
Total Primary Government	\$ 20,118,959	\$ 9,023,554	\$ 1,057,602	\$ 1,337,074	(10,455,187)	1,754,458	(8,700,729)	-	-	-
Component Units:										
Joint Library	\$ 942,553	\$ 462,221	\$ 364,365	\$ -	-	-	(115,967)	-	-	-
St Croix Business Park	22,465	-	105,257	-	-	-	-	82,792	-	-
Community Access Board	180,534	201,842	45,543	-	-	-	-	-	-	66,851
Total Component Units	\$ 1,145,552	\$ 664,063	\$ 515,165	\$ -	-	-	(115,967)	82,792	-	66,851
GENERAL REVENUES										
Taxes:										
Property Taxes, Levied for General Purposes					6,726,600	-	6,726,600	-	-	-
Property Taxes, Levied for Debt Purposes					2,344,584	-	2,344,584	-	-	-
Property Taxes, Levied for TID Districts					1,525,708	-	1,525,708	-	-	-
Other Taxes					264,078	-	264,078	-	-	-
State and Federal Aids not Restricted to Specific Functions					244,390	-	244,390	-	-	-
Interest and Investment Earnings					25,083	17,995	43,078	(53)	6,475	952
Sale of Property					3,937	85	4,022	-	-	-
Miscellaneous					159,930	-	159,930	54,523	22,033	925
Transfers					592,952	(592,952)	-	-	-	-
Total General Revenues and Transfers					11,887,262	(574,872)	11,312,390	54,470	28,508	1,877
CHANGE IN NET POSITION										
					1,432,075	1,179,586	2,611,661	(61,497)	111,300	68,728
Net Position - Beginning of Year					46,114,891	46,967,713	93,082,604	960,839	3,861,213	1,319,054
NET POSITION - END OF YEAR					\$ 47,546,966	\$ 48,147,299	\$ 95,694,265	\$ 899,342	\$ 3,972,513	\$ 1,387,782

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
BALANCE SHEET —
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Major Funds				Other	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and Investments	\$ 5,917,607	\$ 1,656,442	\$ 29,416	\$ 6,305,339	\$ 5,590,027	\$ 19,498,831
Taxes Receivable	6,735,466	-	2,341,244	65,008	1,449,356	10,591,074
Special Assessments Receivable	-	-	-	129,949	-	129,949
Specials and Delinquents Held by County	-	-	-	4,181	-	4,181
Accounts Receivable	441,496	1,077	-	325	211,372	654,270
Due from Other Governments	-	-	645,000	-	-	645,000
Prepayments	40,246	-	-	-	-	40,246
Total Assets	<u>\$ 13,134,815</u>	<u>\$ 1,657,519</u>	<u>\$ 3,015,660</u>	<u>\$ 6,504,802</u>	<u>\$ 7,250,755</u>	<u>\$ 31,563,551</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Vouchers and Accounts Payable	\$ 385,150	\$ -	\$ -	\$ 88,580	\$ 245,761	\$ 719,491
Construction Contracts Payable	-	-	-	3,578	-	3,578
Payroll Withholdings	9,087	-	-	-	-	9,087
Accrued Wages	218,976	-	-	-	3,961	222,937
Due Other Governmental Units	64	-	-	-	-	64
Unearned Revenues	-	-	-	-	738,070	738,070
Special Deposits	236,333	-	-	-	-	236,333
Total Liabilities	<u>849,610</u>	<u>-</u>	<u>-</u>	<u>92,158</u>	<u>987,792</u>	<u>1,929,560</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year's Property Taxes	7,184,523	-	2,341,244	-	1,449,356	10,975,123
Unavailable Revenues - Special Assessments	-	-	-	194,957	-	194,957
Unavailable Revenues - Other	-	-	645,000	-	-	645,000
Total Deferred Inflows of Resources	<u>7,184,523</u>	<u>-</u>	<u>2,986,244</u>	<u>194,957</u>	<u>1,449,356</u>	<u>11,815,080</u>
FUND BALANCES						
Nonspendable	66,144	-	-	-	-	66,144
Restricted	-	1,657,519	29,416	4,005,381	3,480,509	9,172,825
Committed	-	-	-	2,212,306	1,333,098	3,545,404
Assigned	547,502	-	-	-	-	547,502
Unassigned	4,487,036	-	-	-	-	4,487,036
Total Fund Balances	<u>5,100,682</u>	<u>1,657,519</u>	<u>29,416</u>	<u>6,217,687</u>	<u>4,813,607</u>	<u>17,818,911</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,134,815</u>	<u>\$ 1,657,519</u>	<u>\$ 3,015,660</u>	<u>\$ 6,504,802</u>	<u>\$ 7,250,755</u>	<u>\$ 31,563,551</u>

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, 2021**

Total Fund Balances - Governmental Funds	\$ 17,818,911
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	8,615,591
Construction Work in Progress	767,686
Land Improvements	3,155,303
Buildings and Improvements	13,911,044
Machinery/Equipment	11,818,282
Infrastructure	92,244,416
Accumulated Depreciation	<u>(77,239,481)</u>
	53,272,841
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.	
	839,957
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)	2,497,889
Deferred Outflows of Resources	4,159,832
Deferred Inflows of Resources	<u>(5,473,308)</u>
	1,184,413
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	(261,355)
Deferred Outflows of Resources	109,904
Deferred Inflows of Resources	<u>(73,954)</u>
	(225,405)
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	(1,007,363)
Deferred Outflows of Resources	84,092
Deferred Inflows of Resources	<u>(400,848)</u>
	(1,324,119)
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	(22,990,000)
Accrued Interest on Long-Term Debt	(234,494)
Employee Leave Liability	<u>(154,466)</u>
	(23,378,960)
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	<u>(640,672)</u>
Net Position of Governmental Activities	<u><u>\$ 47,546,966</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF HUDSON, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
REVENUES						
Taxes	\$ 6,737,062	\$ -	\$ 2,344,584	\$ -	\$ 1,779,324	\$ 10,860,970
Special Assessments	-	-	-	75,710	-	75,710
Intergovernmental	1,354,452	-	-	504,545	-	1,858,997
Licenses and Permits	411,944	51,129	-	-	-	463,073
Fines and Forfeits	74,023	-	-	-	2,247	76,270
Public Charges for Services	216,613	-	-	-	601,744	818,357
Intergovernmental Charges for Services	726,038	-	-	-	-	726,038
Miscellaneous:						
Interest	1,507	2,820	(941)	9,082	5,246	17,714
Rent	145,400	-	-	-	-	145,400
Donations	1,299	-	-	-	-	1,299
Other	58,231	-	-	-	100,281	158,512
Total Revenues	<u>9,726,569</u>	<u>53,949</u>	<u>2,343,643</u>	<u>589,337</u>	<u>2,488,842</u>	<u>15,202,340</u>
EXPENDITURES						
General Government	2,134,317	-	-	-	-	2,134,317
Public Safety	5,435,191	-	-	-	27,656	5,462,847
Transportation Facilities	1,678,896	-	-	-	453,066	2,131,962
Sanitation	14,443	-	-	-	-	14,443
Health and Social Services	18,806	-	-	-	-	18,806
Culture, Recreation and Education	844,948	-	-	-	376,142	1,221,090
Conservation and Development	641,040	42,234	-	-	164,041	847,315
Capital Outlay	-	-	-	1,988,623	-	1,988,623
Debt Service:						
Principal Retirement	-	-	1,670,000	-	-	1,670,000
Current Refunding Payment	-	-	370,000	-	-	370,000
Interest and Fiscal Charges	-	-	606,539	-	-	606,539
Debt Issuance Costs	-	-	-	120,933	-	120,933
Total Expenditures	<u>10,767,641</u>	<u>42,234</u>	<u>2,646,539</u>	<u>2,109,556</u>	<u>1,020,905</u>	<u>16,586,875</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, 2021**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,041,072)	\$ 11,715	\$ (302,896)	\$ (1,520,219)	\$ 1,467,937	\$ (1,384,535)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	-	-	95,000	5,400,000	-	5,495,000
Debt Premium	-	-	145,714	37,802	-	183,516
Proceeds from Sale of Property	3,937	-	-	-	-	3,937
Transfers In	592,952	-	91,598	-	-	684,550
Transfers Out	(61,265)	-	-	-	(30,333)	(91,598)
Total Other Financing Sources (Uses)	<u>535,624</u>	<u>-</u>	<u>332,312</u>	<u>5,437,802</u>	<u>(30,333)</u>	<u>6,275,405</u>
NET CHANGE IN FUND BALANCES	(505,448)	11,715	29,416	3,917,583	1,437,604	4,890,870
Fund Balances - Beginning of Year	<u>5,606,130</u>	<u>1,645,804</u>	<u>-</u>	<u>2,300,104</u>	<u>3,376,003</u>	<u>12,928,041</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,100,682</u>	<u>\$ 1,657,519</u>	<u>\$ 29,416</u>	<u>\$ 6,217,687</u>	<u>\$ 4,813,607</u>	<u>\$ 17,818,911</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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 4,890,870

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

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

Capital Outlays Reported in Governmental Fund Statements	1,809,575
Depreciation Expense Reported in the Statement of Activities	(2,783,073)
	(973,498)

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. (17,125)

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. 758,319

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	(55,811)
Net OPEB Liability and Related Items - Multiple Employer Plan	(22,950)
	(78,761)

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. 96,975

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

General Obligation Bonds and Notes	(5,495,000)
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Debt discounts and premiums are reported as an other financing use in governmental funds but are amortized over the lives of the related debt in the government wide statements. (183,516)

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	2,040,000
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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	(53,150)
Amortization of Debt Premium	89,064
Amortization of Debt Discount	(104)
Net Change in Accrued Employee Leave	358,001
	393,811

Change in Net Position of Governmental Activities **\$ 1,432,075**

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION —
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
ASSETS					
Current Assets:					
Cash and Investments	\$ 5,485,222	\$ 6,183,020	\$ 69,352	\$ 810,194	\$ 12,547,788
Accounts Receivable:					
Customer/Patient (net allowance)	844,602	594,453	-	35,583	1,474,638
Accounts Receivable on Tax Roll	87,590	57,459	9,725	-	154,774
Other	61,690	23,922	9,725	-	95,337
Due from Other Governmental Units	19,112	133,886	-	-	152,998
Prepayments	-	-	3,220	-	3,220
Inventories	25,815	-	-	-	25,815
Total Current Assets	<u>6,524,031</u>	<u>6,992,740</u>	<u>92,022</u>	<u>845,777</u>	<u>14,454,570</u>
Restricted Assets:					
Cash and Investments:					
Debt Service/Asset Replacement	157	1,940,028	-	-	1,940,185
Carmichael Impact Assessments	747,123	-	-	-	747,123
Wisconsin Retirement System Net Pension Asset	243,177	143,342	15,848	-	402,367
Total Restricted Assets	<u>990,457</u>	<u>2,083,370</u>	<u>15,848</u>	<u>-</u>	<u>3,089,675</u>
Capital Assets:					
Property and Plant in Service	42,960,950	13,399,118	2,197,301	-	58,557,369
Accumulated Provision for Depreciation	16,106,446	9,814,730	753,581	-	26,674,757
Net Utility Plant in Service	<u>26,854,504</u>	<u>3,584,388</u>	<u>1,443,720</u>	<u>-</u>	<u>31,882,612</u>
Construction Work in Progress	1,148,755	11,421,784	-	-	12,570,539
Total Capital Assets	<u>28,003,259</u>	<u>15,006,172</u>	<u>1,443,720</u>	<u>-</u>	<u>44,453,151</u>
Total Assets	<u>35,517,747</u>	<u>24,082,282</u>	<u>1,551,590</u>	<u>845,777</u>	<u>61,997,396</u>
DEFERRED OUTFLOWS OF RESOURCES					
Wisconsin Retirement System Pension Plan Related	404,972	238,713	26,393	-	670,078
Other Postemployment Benefits Related	9,829	6,553	1,092	-	17,474
State Life Insurance Other Postemployment Benefits Related	18,002	12,925	-	-	30,927
Total Deferred Outflows of Resources	<u>432,803</u>	<u>258,191</u>	<u>27,485</u>	<u>-</u>	<u>718,479</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED) —
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
LIABILITIES					
Current Liabilities:					
Vouchers and Accounts Payable	\$ 206,366	\$ 452,060	\$ 37,116	\$ 291	\$ 695,833
Construction Contracts Payable	-	482,365	-	-	482,365
Due to Other Governmental Units	29,896	38,460	-	-	68,356
Accrued Interest Payable	8,771	22,968	-	-	31,739
Accrued Employee Liabilities	12,888	15,478	-	-	28,366
Accrued Wages	33,197	23,227	2,876	-	59,300
Security Deposit	-	-	125	-	125
Current Portion of Long-Term Debt	121,680	447,210	-	-	568,890
Total Current Liabilities	412,798	1,481,768	40,117	291	1,934,974
Long-Term Liabilities (Less Current Portion):					
Total Other Postemployment Benefits Liability	117,744	78,496	13,083	-	209,323
State Life Insurance Net Other Postemployment Benefits Liability	42,857	30,769	-	-	73,626
Long-Term Debt	665,232	-	-	-	665,232
Mortgage Revenue Bonds	1,412,724	9,286,911	-	-	10,699,635
Total Long-Term Liabilities	2,238,557	9,396,176	13,083	-	11,647,816
Total Liabilities	2,651,355	10,877,944	53,200	291	13,582,790
DEFERRED INFLOWS OF RESOURCES					
Wisconsin Retirement System Pension Plan Related	532,843	314,088	34,727	-	881,658
Other Postemployment Benefits Related	46,853	31,235	5,206	-	83,294
State Life Insurance Other Postemployment Benefits Related	12,127	8,707	-	-	20,834
Total Deferred Inflows of Resources	591,823	354,030	39,933	-	985,786
NET POSITION					
Net Investment in Capital Assets	25,803,780	4,789,686	1,443,720	-	32,037,186
Restricted for:					
Impact Assessments	747,123	-	-	-	747,123
Asset Replacement	-	1,940,028	-	-	1,940,028
Wisconsin Retirement System Pension Plan	243,177	143,342	15,848	-	402,367
Unrestricted	5,913,292	6,235,443	26,374	845,486	13,020,595
Total Net Position	<u>\$ 32,707,372</u>	<u>\$ 13,108,499</u>	<u>\$ 1,485,942</u>	<u>\$ 845,486</u>	<u>\$ 48,147,299</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, 2021

	Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
OPERATING REVENUES					
Charges for Services	\$ 3,621,341	\$ 2,374,234	\$ 261,374	\$ -	\$ 6,256,949
Other	574,595	115,833	2,537	40,228	733,193
Total Operating Revenues	4,195,936	2,490,067	263,911	40,228	6,990,142
OPERATING EXPENSES					
Operation and Maintenance	2,083,502	1,665,362	238,755	17,895	4,005,514
Depreciation	1,096,968	362,429	78,211	-	1,537,608
Total Operating Expenses	3,180,470	2,027,791	316,966	17,895	5,543,122
OPERATING INCOME (LOSS)	1,015,466	462,276	(53,055)	22,333	1,447,020
NONOPERATING REVENUES (EXPENSES)					
Investment Earnings	2,254	14,582	1,015	144	17,995
Hook-up Fees	-	269,512	-	-	269,512
Interest Expense	(45,221)	(67,144)	-	-	(112,365)
Amortization of Debt Discount and Expense	657	-	-	-	657
Gain/Loss on Sale of Capital Assets	85	-	-	-	85
Total Nonoperating Revenues (Expenses)	(42,225)	216,950	1,015	144	175,884
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	973,241	679,226	(52,040)	22,477	1,622,904
CAPITAL CONTRIBUTIONS					
Plant Contributed by Developers	138,670	-	-	-	138,670
Impact Fees Applied	10,964	-	-	-	10,964
Total Capital Contributions	149,634	-	-	-	149,634
TRANSFERS:					
Transfer to General Fund	(523,567)	(69,385)	-	-	(592,952)
CHANGE IN NET POSITION	599,308	609,841	(52,040)	22,477	1,179,586
Net Position - January 1	32,108,064	12,498,658	1,537,982	823,009	46,967,713
NET POSITION - DECEMBER 31	\$ 32,707,372	\$ 13,108,499	\$ 1,485,942	\$ 845,486	\$ 48,147,299

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 3,272,826	\$ 2,440,451	\$ 152,842	\$ 4,432	\$ 5,870,551
Cash Received for Public Fire Protection	603,168	-	-	-	603,168
Cash Received (Paid) for Sewer Share of Meter Related Expense	217,095	(217,095)	-	-	-
Cash Received from Government Subsidies/ Contracts/Grants	-	17,684	-	39,728	57,412
Cash Received from Parking Forfeitures	-	-	119,792	-	119,792
Cash Paid for City/Village Surcharges	-	(61,178)	-	-	(61,178)
Cash Payments to Suppliers for Goods and Services	(1,053,133)	(922,362)	(124,688)	(16,625)	(2,116,808)
Cash Payments for Employee Services	(1,132,479)	(679,402)	(94,272)	(3,711)	(1,909,864)
Net Cash Provided by Operating Activities	1,907,477	578,098	53,674	23,824	2,563,073
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Received from (Paid to) Other Funds for Financing	-	52,284	-	-	52,284
Cash Payments of Tax Equivalent to General Fund	(523,567)	(69,385)	-	-	(592,952)
Net Cash Provided (Used) by Noncapital Financing Activities	(523,567)	(17,101)	-	-	(540,668)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Payments for Capital Assets	(976,867)	(7,797,623)	(73,224)	-	(8,847,714)
Cash Received for Salvage of Capital Assets	85	-	-	-	85
Cash Received for Hook-up Fees	-	269,512	-	-	269,512
Cash Received for Impact Fees	10,964	-	-	-	10,964
Cash Received from Issuance of Debt	-	9,734,121	-	-	9,734,121
Principal Paid on Long-Term Debt	(120,268)	-	-	-	(120,268)
Interest Paid on Long-Term Debt	(45,756)	(44,176)	-	-	(89,932)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,131,842)	2,161,834	(73,224)	-	956,768
CASH FLOWS FROM INVESTING ACTIVITIES					
Earnings on Investments	2,254	14,582	1,015	144	17,995
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	254,322	2,737,413	(18,535)	23,968	2,997,168
Cash and Cash Equivalents - Beginning of Year	5,978,180	5,385,635	87,887	786,226	12,237,928
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,232,502	\$ 8,123,048	\$ 69,352	\$ 810,194	\$ 15,235,096

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 1,015,466	\$ 462,276	\$ (53,055)	\$ 22,333	\$ 1,447,020
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Change in Pension Plan:					
Asset/Liability	(118,327)	(71,759)	(8,064)	-	(198,150)
Deferred Outflows of Resources	(112,668)	(71,121)	(8,169)	-	(191,958)
Deferred Inflows of Resources	157,962	99,150	11,354	-	268,466
Change in OPEB Plans:					
Asset/Liability	19,779	13,539	1,434	-	34,752
Deferred Outflows of Resources	(2,816)	(2,042)	42	-	(4,816)
Deferred Inflows of Resources	(6,657)	(4,431)	(752)	-	(11,840)
Depreciation	1,096,968	362,429	78,211	-	1,537,608
(Increase) Decrease in Assets:					
Customer/Patient Accounts Receivable	(90,938)	(118,901)	9,725	3,932	(196,182)
Accounts Receivable on Tax Roll	(24,703)	16,437	-	-	(8,266)
Other Accounts Receivable	(7,816)	332	(422)	-	(7,906)
Allowance for Uncollectible Accounts	-	-	-	-	-
Due from Other Governments	(5)	17,491	-	-	17,486
Prepayments	-	-	(3,220)	-	(3,220)
Inventories	880	-	-	-	880
Increase (Decrease) in Liabilities:					
Accounts Payable	3,559	(115,969)	29,431	(2,441)	(85,420)
Special Deposits	20,615	-	-	-	20,615
Accrued Wages	2,143	6,071	(90)	-	8,124
Accrued Employee Liabilities	(47,803)	(6,935)	(2,171)	-	(56,909)
Due to Other Governmental Units	1,838	(8,469)	(580)	-	(7,211)
Net Cash Provided by Operating Activities	<u>\$ 1,907,477</u>	<u>\$ 578,098</u>	<u>\$ 53,674</u>	<u>\$ 23,824</u>	<u>\$ 2,563,073</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS					
Cash and Investments per Statement of Net Position:					
Cash and Investments	\$ 5,485,222	\$ 6,183,020	\$ 69,352	\$ 810,194	\$ 12,547,788
Cash and Investments - Restricted	747,280	1,940,028	-	-	2,687,308
Cash and Cash Equivalents	<u>\$ 6,232,502</u>	<u>\$ 8,123,048</u>	<u>\$ 69,352</u>	<u>\$ 810,194</u>	<u>\$ 15,235,096</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Assets Financed through Customers and Developers	\$ 138,670	\$ -	\$ -	\$ -	\$ 138,670
Capital Assets Financed by Accounts Payable	-	482,365	-	-	482,365

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021**

	<u>Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 1,527,389
Taxes Receivable	<u>29,110,878</u>
Total Assets	<u>30,638,267</u>
 DEFERRED INFLOWS OF RESOURCES	
Succeeding Year's Property Taxes	<u>30,638,267</u>
 NET POSITION	
Restricted	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2021**

	Custodial Fund
ADDITIONS	
Tax Collections for Other Governments	\$ 30,249,287
DEDUCTIONS	
Payments of Taxes to Other Governments	30,249,287
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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.

Employees of the joint library are employees of the City of Hudson and reported under the City's federal and state employer identification numbers. The Joint Library does not issue stand-alone financial statements.

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

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

B. Government-Wide and Fund Financial Statements

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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.

The City reports the following major enterprise funds:

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

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

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

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

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

Additionally, the City reports the following fiduciary fund:

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 60 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, 2021**

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.

2. Receivables and Payables

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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)

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 2021 tax roll are recognized as revenue in 2022.) 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.

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.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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)

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

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 greater than one year. 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.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 (Continued)

Major outlays for capital assets and improvements are capitalized as projects are 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 to 50 Years
Buildings and Improvements	1,000	Straight-Line	20 to 50 Years
Machinery and Equipment	1,000	Straight-Line	3 to 10 Years
Utility Systems	1,000	Straight-Line	4 to 100 Years
Infrastructure	1,000	Straight-Line	20 to 50 Years

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

6. Deferred Outflows of Resources

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021**

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, 2021 for the Hudson Hockey Association totaling \$780,156.

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, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Use of Restricted Resources

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

15. Equity Classifications

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

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

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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)

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 General Fund expenditures exceeded the final budget in the general government (\$128,290); public safety (\$440,482); transportation facilities (\$30,327); sanitation (\$791); health and human services (\$1,906); culture, recreation, and education (\$40,556); and conservation and development (\$108,736) categories. These overages were determined necessary and were authorized by management.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2021 are shown in the financial statements as follows:

Governmental Funds	\$ 19,498,831
Proprietary Funds	15,235,096
Fiduciary Funds	1,527,389
Total	<u>\$ 36,261,316</u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 4,479,395
Deposits in State Local Government Pooled- Investment Fund	13,208,710
Investments in Federal Agency Issuances	166
Investments in Municipal Bonds and Notes	969,339
Investments in Money Market Funds	19,856,655
Certificates of Deposit	2,443,034
Petty Cash	1,131
Total Cash and Investments	40,958,430
Less Amount Allocated to Component Units	(4,697,114)
Total	\$ 36,261,316

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, 2021, the City's deposits were not exposed to significant custodial credit risk.

Investments

The City's investments at December 31, 2021 consisted of deposits in the State of Wisconsin Local Government Investment Pool (an external investment pool), certificates of deposit, U.S. government agencies and instrumentalities obligations, and a money market fund associated with its investments in federal securities.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

The state of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in the State Investment Fund (SIF), which is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. Local funds are pooled with state funds and invested by a local government 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 2021 was 63 days.

U.S. Government Agencies and Instrumentalities Obligations. The City's investments in these obligations at December 31, 2021 are summarized as follows:

Description	Totals	Investment Maturities (in years)				Moody's / S&P Rating
		<1	1 to 2	2 to 3	>3	
Debt Instruments:						
GNMA	\$ 166	\$ -	\$ 166	\$ -	\$ -	Aaa
Municipal Bonds and Notes	969,339	969,339	-	-	-	Aa2/ AA, A+
LGIP	13,208,710	13,208,710	-	-	-	Not Rated
Certificates of Deposit	2,443,034	2,443,034	-	-	-	Not Rated
Money Market Funds	19,856,655	19,856,655	-	-	-	Not Rated
Total	<u>\$ 36,477,904</u>	<u>\$ 36,477,738</u>	<u>\$ 166</u>	<u>\$ -</u>	<u>\$ -</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.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

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.

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.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

The City's investments are measured as follows:

	Level 1	Level 2	Level 3	Total
Federal Agency Issuances	\$ 166	\$ -	\$ -	\$ 166
Municipal Bonds and Notes	-	969,339	-	969,339
Money Market Funds	-	19,856,655	-	19,856,655
Certificates of Deposit	-	2,443,034	-	2,443,034
Total	<u>\$ 166</u>	<u>\$ 23,269,028</u>	<u>\$ -</u>	<u>23,269,194</u>

Investments Measured at Amortized Cost - State LGIP Funds	13,208,710
Total Investments	<u>\$ 36,477,904</u>

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

B. Receivables/Deferred Inflows of Resources

1. Other Receivables

Other accounts receivable at December 31, 2021 are further detailed as follows:

	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Totals
Special Assessments	\$ -	\$ -	\$ -	\$ 134,130	\$ -	\$ -	\$ 134,130
Accounts Receivable:							
General	441,496	1,077	-	325	211,372	95,337	749,607
Customers:							
Water	-	-	-	-	-	844,602	844,602
Sewer	-	-	-	-	-	594,453	594,453
Ambulance (Net)	-	-	-	-	-	35,583	35,583
Total	<u>441,496</u>	<u>1,077</u>	<u>-</u>	<u>325</u>	<u>211,372</u>	<u>1,569,975</u>	<u>2,224,245</u>
Due From Other Governments	-	-	645,000	-	-	152,998	797,998
Totals	<u>\$ 441,496</u>	<u>\$ 1,077</u>	<u>\$ 645,000</u>	<u>\$ 134,455</u>	<u>\$ 211,372</u>	<u>\$ 1,722,973</u>	<u>\$ 3,156,373</u>

Accounts receivable of the ambulance service enterprise fund is reported net of an allowance for uncollectible accounts. Such allowance totaled \$4,640 at December 31, 2021.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables/Deferred Inflows of Resources (Continued)

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
2021 Tax Roll Items:			
Property Taxes	\$ -	\$ 10,975,123	\$ 10,975,123
Special Assessments	65,008	-	65,008
Special Assessments - Future Years	129,949	-	129,949
Other	645,000	-	645,000
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 839,957	\$ 11,713,193	\$ 12,553,150

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital assets activity for the year ended December 31, 2021 is shown below:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land, Easements and Right-of-Way	\$ 8,515,591	\$ 100,000	\$ -	\$ 8,615,591
Construction Work in Progress	103,619	944,181	280,114	767,686
Total Capital Assets Not Being Depreciated	8,619,210	1,044,181	280,114	9,383,277
Capital Assets Being Depreciated:				
Land Improvements	2,748,020	407,283	-	3,155,303
Buildings and Improvements	13,929,070	-	18,026	13,911,044
Machinery and Equipment	4,801,321	409,896	6,921	5,204,296
Licensed Vehicles	6,468,329	145,657	-	6,613,986
Infrastructure	92,161,744	82,672	-	92,244,416
Total Capital Assets Being Depreciated	120,108,484	1,045,508	24,947	121,129,045
Total Capital Assets	128,727,694	2,089,689	305,061	130,512,322
Accumulated Depreciation:				
Land Improvements	2,242,731	98,819	-	2,341,550
Buildings and Improvements	3,068,698	307,958	901	3,375,755
Machinery and Equipment	2,936,327	362,262	6,921	3,291,668
Licensed Vehicles	3,663,075	378,251	-	4,041,326
Infrastructure	62,553,399	1,635,783	-	64,189,182
Total Accumulated Depreciation	74,464,230	2,783,073	7,822	77,239,481
Net Capital Assets - Governmental Activities	<u>\$ 54,263,464</u>	<u>\$ (693,384)</u>	<u>\$ 297,239</u>	<u>\$ 53,272,841</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 189,365
Public Safety	517,071
Public Works	1,881,550
Health and Human Services	588
Culture, Recreation and Education	192,551
Conservation and Development	1,948
Total	<u>\$ 2,783,073</u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 136,862	\$ -	\$ -	\$ 136,862
Construction in Progress	291,714	857,041	-	1,148,755
Total Capital Assets Not Being Depreciated	428,576	857,041	-	1,285,617
Capital Assets Being Depreciated:				
Source of Supply	1,873,394	-	-	1,873,394
Pumping Plant	2,383,644	6,799	-	2,390,443
Water Treatment	8,420,579	55,925	-	8,476,504
Transmission and Distribution	27,644,804	195,772	51,424	27,789,152
General Assets	2,294,595	-	-	2,294,595
Total Capital Assets Being Depreciated	42,617,016	258,496	51,424	42,824,088
Total Capital Assets	43,045,592	1,115,537	51,424	44,109,705
Accumulated Depreciation:				
Source of Supply	799,984	51,775	-	851,759
Pumping Plant	2,123,014	56,228	-	2,179,242
Water Treatment	3,296,356	274,012	-	3,570,368
Transmission and Distribution	7,696,775	623,295	51,424	8,268,646
General Assets	1,144,773	91,658	-	1,236,431
Total Accumulated Depreciation	15,060,902	1,096,968	51,424	16,106,446
Net Capital Assets - Water Utility	27,984,690	18,569	-	28,003,259
Sewer Utility:				
Capital Assets Not Being Depreciated:				
Land	129,856	-	-	129,856
Construction in Progress	3,708,094	7,713,690	-	11,421,784
Total Capital Assets Not Being Depreciated	3,837,950	7,713,690	-	11,551,640
Capital Assets Being Depreciated:				
Collection System	680,920	-	-	680,920
Pumping System	74,400	60,963	-	135,363
Treatment and Disposal Plant	11,450,104	-	-	11,450,104
General Plant	1,002,875	-	-	1,002,875
Total Capital Assets Being Depreciated	13,208,299	60,963	-	13,269,262
Total Capital Assets	17,046,249	7,774,653	-	24,820,902
Accumulated Depreciation:				
Collection System	263,490	7,677	-	271,167
Pumping System	29,073	8,566	-	37,639
Treatment and Disposal Plant	8,408,321	295,361	-	8,703,682
General Plant	751,417	50,825	-	802,242
Total Accumulated Depreciation	9,452,301	362,429	-	9,814,730
Net Capital Assets - Sewer Utility	7,593,948	7,412,224	-	15,006,172

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Parking Utility:				
Capital Assets Not Being Depreciated:				
Parking Lot Land	\$ 760,562	\$ -	\$ -	\$ 760,562
Capital Assets Being Depreciated:				
Improvements to Lots	991,691	-	-	991,691
Equipment	445,048	-	-	445,048
Total Capital Assets Being Depreciated	<u>1,436,739</u>	<u>-</u>	<u>-</u>	<u>1,436,739</u>
Total Capital Assets	2,197,301	-	-	2,197,301
Accumulated Depreciation:				
Improvements to Lots	577,220	42,719	-	619,939
Equipment	98,150	35,492	-	133,642
Total Accumulated Depreciation	<u>675,370</u>	<u>78,211</u>	<u>-</u>	<u>753,581</u>
Net Capital Assets - Parking Utility	1,521,931	(78,211)	-	1,443,720
Totals - Business-Type Activities:				
Capital Assets Not Being Depreciated	5,027,088	8,570,731	-	13,597,819
Capital Assets Being Depreciated	57,262,054	319,459	51,424	57,530,089
Total Capital Assets	<u>62,289,142</u>	<u>8,890,190</u>	<u>51,424</u>	<u>71,127,908</u>
Less Accumulated Depreciation	<u>25,188,573</u>	<u>1,537,608</u>	<u>51,424</u>	<u>26,674,757</u>
Net Capital Assets - Business-Type Activities	<u>\$ 37,100,569</u>	<u>\$ 7,352,582</u>	<u>\$ -</u>	<u>\$ 44,453,151</u>

Depreciation was charged to the following business-type activities:

Water	\$ 1,096,968
Sewer	362,429
Parking	78,211
Total	<u>\$ 1,537,608</u>

D. Interfund Receivables, Payables, and Transfers

Interfund Transfers

Fund Transferred From	Fund Transferred To	Amount	Purpose
General Fund	Debt Service Fund	\$ 61,265	Town share of fire truck purchase
Sewer Collection System Fund	Debt Service Fund	14,073	Share of debt service
Stormwater Fund	Debt Service Fund	16,260	Share of debt service
Water Utility Fund	General Fund	523,567	Property tax equivalent
Sewer Utility Fund	General Fund	69,385	Property tax equivalent
Total		<u>\$ 684,550</u>	

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Amounts Due Within One Year
Long-Term Debt:					
Governmental Activities:					
General Obligation Bonds	\$ 13,960,000	\$ 3,850,000	\$ 590,000	\$ 17,220,000	\$ 925,000
General Obligation Notes	5,575,000	1,645,000	1,450,000	5,770,000	895,000
Unamortized Debt Premium	546,220	183,516	89,064	640,672	-
Unamortized Debt Discount	(104)	-	(104)	-	-
Total Governmental Activities	20,081,116	5,678,516	2,128,960	23,630,672	1,820,000
Business-Type Activities:					
General Obligation Bonds:					
Water Utility	740,000	-	40,000	700,000	40,000
Mortgage Revenue Bonds:					
Water Utility	1,574,671	-	80,267	1,494,404	81,680
Sewer Utility	-	9,734,121	-	9,734,121	447,210
Unamortized Debt Premium	5,890	-	658	5,232	-
Total Business-Type Activities	2,320,561	9,734,121	120,925	11,933,757	568,890
Total Long-Term Debt	<u>\$ 22,401,677</u>	<u>\$ 15,412,637</u>	<u>\$ 2,249,885</u>	<u>\$ 35,564,429</u>	<u>\$ 2,388,890</u>
Other Long-Term Obligations:					
Governmental Activities:					
Employee Leave Liability	\$ 512,467	\$ -	\$ 358,001	\$ 154,466	\$ 154,466
Business-Type Activities:					
Employee Leave Liability	85,275	-	56,909	28,366	28,366
Total Other Long-Term Obligations	<u>\$ 597,742</u>	<u>\$ -</u>	<u>\$ 414,910</u>	<u>\$ 182,832</u>	<u>\$ 182,832</u>

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

Current Year Borrowing

On May 6, 2021, the City issued \$3,850,000 in General Obligation Corporate Purpose Bonds, Series 2021B, for the purpose of financing 2021 and 2022 street improvement projects and park improvement projects. The bonds accrue interest at 1.00-2.00% and mature April 1, 2041.

On May 6, 2021, the City issued \$1,645,000 in General Obligation Promissory Notes, Series 2021C, for the purpose of financing 2021 and 2022 capital projects. The notes accrue interest at 1.00-3.00% and mature April 1, 2031.

On January 27, 2021, the City issued Sewer System Revenue Bonds through the Clean Water Fund for the wastewater treatment plant project. During 2021, the Utility borrowed \$9,734,121 of the available \$12,616,740. The bonds accrue interest at 1.485% and mature May 1, 2040.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021 and annual requirements for their retirement as of that date are shown below:

		Outstanding 12/31/2021	Scheduled Future Payments							2032-2036	2037-2041
			2022	2023	2024	2025	2026	2027-2031			
Bond Issues:											
\$2,115,000 Series 2015A, dated 6/9/15, due 4/1/35, interest at 3.00 to 3.50%	Principal (10/1)	\$ 1,620,000	\$ 90,000	\$ 100,000	\$ 105,000	\$ 105,000	\$ 110,000	\$ 575,000	\$ 535,000	\$ -	
	Interest (4/1, 10/1)	419,423	51,380	48,680	45,680	42,530	39,380	146,560	45,213	-	
\$3,490,000 Series 2013A, dated 10/9/13, due 10/1/33, interest at 3.00 to 4.00%	Principal (10/1)	2,290,000	155,000	160,000	165,000	170,000	180,000	1,000,000	460,000	-	
	Interest (4/1, 10/1)	612,036	85,720	81,070	76,270	69,670	62,870	208,636	27,800	-	
\$3,110,000 Series 2016A, dated 4/12/16, due 4/1/36, interest at 2.00 to 3.00%	Principal (10/1)	2,455,000	140,000	140,000	145,000	145,000	155,000	805,000	925,000	-	
	Interest (4/1, 10/1)	512,871	61,596	57,396	53,196	48,846	44,496	174,580	72,761	-	
\$2,495,000 Series 2017A, dated 5/15/17, due 12/1/32, interest at 2.00 to 3.00%	Principal (12/1)	1,945,000	155,000	160,000	165,000	165,000	165,000	930,000	205,000	-	
	Interest (6/1, 12/1)	356,600	53,550	50,450	47,250	43,950	39,000	116,250	6,150	-	
\$5,960,000 Series 2019A, dated 04/29/19 due 12/31/39, interest at 3.00%	Principal (10/1)	5,760,000	230,000	245,000	255,000	260,000	260,000	1,475,000	1,790,000	1,245,000	
	Interest (4/1, 10/1)	1,803,825	172,800	165,900	158,550	150,900	143,100	592,050	351,300	69,225	
\$3,850,000 Series 2021B, dated 5/6/21, due 4/1/41, interest at 1.00 to 2.00%	Principal (10/1)	3,850,000	195,000	305,000	-	-	210,000	990,000	1,030,000	1,120,000	
	Interest (4/1, 10/1)	778,592	93,604	62,828	56,728	56,728	56,728	228,100	158,664	65,212	
Promissory Note Issues:											
\$1,885,000 Series 2015B, dated 6/9/15, due 4/1/25, interest at 1.50 to 3.00%	Principal (10/1)	790,000	190,000	195,000	200,000	205,000	-	-	-	-	
	Interest (4/1, 10/1)	55,864	22,932	17,708	12,150	3,074	-	-	-	-	
\$1,645,000 Series 2021C, dated 5/6/21, due 4/1/31, interest at 1.15 to 3.00%	Principal (10/1)	1,645,000	280,000	135,000	140,000	145,000	150,000	795,000	-	-	
	Interest (4/1, 10/1)	167,964	51,591	28,378	24,328	20,128	15,778	27,761	-	-	
\$2,470,000 Series 2017B, dated 6/1/17, due 6/1/27, interest at 3.00%	Principal (12/1)	1,710,000	250,000	260,000	290,000	295,000	300,000	315,000	-	-	
	Interest (6/1, 12/1)	181,575	51,300	43,800	36,000	27,300	18,450	4,725	-	-	
\$2,200,000 Series 2019B, dated 04/29/19 due 12/31/29, interest at 3.00 to 4.00%	Principal (10/1)	1,625,000	175,000	185,000	190,000	200,000	210,000	665,000	-	-	
	Interest (4/1, 10/1)	255,250	58,350	51,350	43,950	36,350	28,350	36,900	-	-	
Total Future Requirements:											
	Principal	23,690,000	1,860,000	1,885,000	1,655,000	1,690,000	1,740,000	7,550,000	4,945,000	2,365,000	
	Interest	5,144,000	702,823	607,560	554,102	499,476	448,152	1,535,562	661,888	134,437	
Totals		\$ 28,834,000	\$ 2,562,823	\$ 2,492,560	\$ 2,209,102	\$ 2,189,476	\$ 2,188,152	\$ 9,085,562	\$ 5,606,888	\$ 2,499,437	

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021 were computed as follows:

Equalized Valuation (Certified August 2021)	\$ 2,390,608,700
Legal Debt Capacity (5% of Equalized Value)	\$ 119,530,435
Total General Obligation Debt Subject to Limitation	23,690,000
Unused Borrowing Capacity at 12/31/2021	\$ 95,840,435

Mortgage Revenue Bonds

Outstanding mortgage revenue bonds totaled \$11,228,525 at December 31, 2021, which related to the Water Utility and Sewer 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, 2021 and annual requirements for their retirement at that date are shown below:

	Year	Principal	Interest	Total
Sewer Utility:				
Revenue Bonds dated 1/27/21, \$12,616,740 authorized, \$9,734,121 issued through 12/31/21, due 5/1/40, interest at 1.485% (Clean Water Fund loan)	2022	\$ 447,210	\$ 137,858	\$ 585,068
	2023	453,851	134,540	588,391
	2024	460,591	127,751	588,342
	2025	467,431	120,861	588,292
	2026	474,372	113,868	588,240
	2027-2031	2,479,644	460,756	2,940,400
	2032-2036	2,669,305	269,681	2,938,986
	2037-2040	2,281,717	68,392	2,350,109
		9,734,121	1,433,707	11,167,828
Water Utility:				
Revenue Bonds dated 12/13/17, \$1,866,120 authorized, \$1,653,550 issued through 12/31/19, due 5/1/37, interest at 1.760% (Safe Drinking Water Fund loan)	2022	81,680	25,583	107,263
	2023	83,118	24,133	107,251
	2024	84,581	22,657	107,238
	2025	86,069	21,155	107,224
	2026	87,584	19,627	107,211
	2027-2031	461,591	74,256	535,847
	2032-2036	503,667	31,806	535,473
	2037	106,114	934	107,048
Total Mortgage Revenue Bonds		1,494,404	220,151	1,714,555
Total Mortgage Revenue Bonds		\$ 11,228,525	\$ 1,653,858	\$ 12,882,383

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Mortgage Revenue Bonds (continued)

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

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, 2021. The resolutions creating TID #5 and #6 were dated July 17, 2017 and July 9, 2018, respectively. The expenditure period for both districts is five years prior to the termination of the district's unextended maximum life, which is 27 years and 20 years, respectively.

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

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, 2021. 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, 2021 totaled \$584,064.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund	\$ 5,100,682	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Taxes	-	25,898	-	-	-	-
Prepayments	-	40,246	-	-	-	-
Police Equipment	-	-	-	-	13,092	-
Fire Equipment	-	-	-	-	80,867	-
Energy Savings	-	-	-	-	7,486	-
BOGO Tree Funds	-	-	-	-	1,565	-
Health Insurance Reserve	-	-	-	-	444,492	-
Unassigned	-	-	-	-	-	4,487,036
Impact Fees Fund	1,657,519	-	1,657,519	-	-	-
Capital Projects Fund	6,217,687	-	4,005,381	2,212,306	-	-
Nonmajor Funds:						
Special Revenue Funds:						
Room Tax Fund	125,739	-	-	125,739	-	-
American Rescue Plan Act (ARPA) Fund	-	-	-	-	-	-
Sewer Collection System Replacement Fund	1,206,485	-	-	1,206,485	-	-
Storm Water MS-4 Fund	160,530	-	160,530	-	-	-
Storm Water Fund	530,518	-	530,518	-	-	-
Parks Dedication Fees Fund	662,362	-	662,362	-	-	-
Police Donations Fund	45,844	-	45,844	-	-	-
Golden Rule Donations Fund	297	-	297	-	-	-
Police Drug Forfeitures Fund	3,550	-	3,550	-	-	-
Business Park Revolving Loan Fund	584,064	-	584,064	-	-	-
Capital Projects Funds:						
TID #5	1,112,929	-	1,112,929	-	-	-
TID #6	380,415	-	380,415	-	-	-
Total Governmental Fund Balances at December 31, 2021	\$ 17,818,037	\$ 66,144	\$ 9,172,825	\$ 3,544,530	\$ 547,502	\$ 4,487,036

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 1,200 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. ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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.

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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the fiscal reporting period January 1, 2021 through December 31, 2021, the WRS recognized \$583,209 in contributions from the employer.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Contribution rates for 2021 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.75 %	6.75 %
Executives and Elected Officials	6.75	6.75
Protective with Social Security	6.75	11.75
Protective without Social Security	6.75	16.35

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

<u>Year Ending December 31.</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, the City reported an asset of \$3,028,456 for its proportionate share of the net pension asset, with \$2,900,256 relating to the primary government and \$128,200 relating to the City's component units. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.04850856%, which was an increase of 0.00117377% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension revenue of \$332,553. At December 31, 2021, 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	\$ 4,383,106	\$ 944,113
Changes of Assumptions	68,691	-
Difference Between Actual and Proportionate Share of Actual Employer Contributions	8,402	6,081
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	5,685,681
City Contributions Subsequent to the Measurement Date	583,209	-
Total	<u>5,043,408</u>	<u>6,635,875</u>
Less Amount Allocated to Component Units	<u>(213,498)</u>	<u>(280,909)</u>
Total Primary Government	<u>\$ 4,829,910</u>	<u>\$ 6,354,966</u>

\$583,209 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>	
	<u>Primary Government</u>	<u>Component Units</u>
2022	\$ (537,559)	\$ (23,802)
2023	(144,243)	(6,261)
2024	(985,053)	(42,757)
2025	(417,149)	(18,852)

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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:

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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)

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	51 %	4.7 %	N/A	N/A
U.S. Equities	N/A	N/A	70.0 %	4.1 %
International Equities	N/A	N/A	30.0	4.9
Fixed Income	25	0.8	N/A	N/A
Inflation Sensitive Assets	16	(0.4)	N/A	N/A
Real Estate	8	3.1	N/A	N/A
Private Equity/Debt	11	7.6	N/A	N/A
Multi-Asset	4	3.3	N/A	N/A
Totals	<u>115.0 %</u>		<u>100.0 %</u>	

Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,882,671	\$ (3,028,456)	\$ (7,370,135)

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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)

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

B. Employee Leave Liabilities

Vacation. City employees are granted vacation in varying amounts based on length of service. Vacation earned in one calendar year is available for use on January 1 of the subsequent year. Unrecorded vacation accruals generally do not exceed the amount earned for one year. An employee may, with the employer's written permission, carry over unused vacation credit (limited, depending on department) to the first six months of the following year. The estimated liabilities for accumulated vacation leave at December 31, 2021 were \$142,029 for governmental activities, \$28,366 for enterprise funds, \$10,707 for the Joint Library component unit, and \$12,576 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, 2021 totaled \$12,437, all allocated to the governmental activities as a liability in the government-wide financial statements.

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

C. Other Postemployment Benefits – Multiple Employer Plan

General Information about the Other Postemployment Benefits Plan

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

General Information about the Other Postemployment Benefits Plan (Continued)

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

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

Contribution rates as of December 31, 2021 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement 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, 2021 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, 2021 through December 31, 2021, the LRLIF recognized \$1,395 in contributions from the employer.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, the City reported a liability of \$366,299 for its proportionate share of the net OPEB liability, with \$334,981 relating to the primary government and \$31,318 relating to the City's component units. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net 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, 2020, the City's proportion was 0.06659100%, which was a decrease of 0.005637% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized OPEB expense of \$33,740. At December 31, 2021, 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	\$ -	\$ 17,479
Changes of Assumptions	142,496	25,133
Net Difference Between Projected and Actual Earnings on OPEB Investments	5,333	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,644	61,038
City Contributions Subsequent to the Measurement Date	1,395	-
Total	153,868	103,650
Less: Amount Allocated to Component Units	(13,037)	(8,862)
Total Primary Government	\$ 140,831	\$ 94,788

\$1,395 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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)

<u>Year Ending December 31,</u>	OPEB Expense Amount	
	Primary Government	Component Units
2022	\$ 7,931	\$ 682
2023	7,399	637
2024	6,853	589
2025	4,631	398
2026	12,093	1,040
Thereafter	6,054	516

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, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

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.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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)

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Credit Bonds	Barclays Credit	50.0%	1.47%
U.S. Mortgages	Barclays MBS	50.0%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. 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.

Single Discount Rate. A single discount rate of 2.25% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

		1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Proportionate Share of the Net OPEB Liability (Asset)	12/31/2021	\$ 498,271	\$ 366,299	\$ 266,492

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

Single-Employer Plan Description

Plan description

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

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

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

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

Benefits provided

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

Employees covered by benefit terms. At December 31, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	15
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefit Payments	-
Active Plan Members	86
Total	101

Contributions

The City funds its other postemployment benefit on a pay-as-you go basis. For fiscal year 2021, the City contributed an estimated \$52,954 to the plan.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2020, with a measurement date of January 1, 2021. At December 31, 2021, the City reported a total OPEB liability of \$1,321,348, with \$1,216,686 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, 2020	\$ 1,176,501
Changes for the Year:	
Service Cost	153,479
Interest	36,984
Changes of Assumptions or Other Input	64,518
Benefit Payments	(110,134)
Net Changes	144,847
Balance at December 31, 2021	1,321,348
Less Amount Allocated to Component Units	(104,662)
Balance at December 31, 2021 - Primary Government	\$ 1,216,686

Actuarial assumptions

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

Measurement Date:	January 1, 2021
Actuarial Valuation Date:	January 1, 2020
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:	3.5 - 7.8%
Discount Rate:	2.0%
Health Care Cost Trend Rates:	6.25% as of January 1, 2021 grading to 5.0% over 5 years then to 4.0% over the next 48 years
Mortality Rates:	RP-2014 White Collar Mortality Tables with MP-2019 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire)

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 2.0%, compared to 2.9% in the prior year. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 2.0%.

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 1.0%	Current Discount Rate 2.0%	1% Increase 3.0%
Total OPEB Liability	12/31/21	\$ 1,419,015	\$ 1,321,348	\$ 1,228,918

Sensitivity of the Total OPEB Liability to Changes in the Health Care 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 health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates:

		1% Decrease (5.25% decreasing to 4.0% then 3.0%)	Healthcare Cost Trend Rates (6.25% decreasing to 5.0% then 4.0%)	1% Increase (7.25% decreasing to to 6.0% then 5.0%)
Total OPEB Liability	12/31/21	\$ 1,218,750	\$ 1,321,348	\$ 1,444,564

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$121,713. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 356,621
Changes of Assumptions or Other Input	57,349	169,169
City Contributions Subsequent to the Measurement Date	52,954	-
Total	110,303	525,790
Less: Amount Allocated to Component Units	(8,737)	(41,648)
Total Primary Government	\$ 101,566	\$ 484,142

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$52,954 reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense (\$68,750) annually for 2022-2026 and (\$124,691) total thereafter.

The plan does not issue separate financial statements.

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

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 2021 were \$2,313. Future annual expenditures are expected to be similar to current year expenditures.

G. Discretely Presented Component Units

St Croix Business Park

Capital asset activity for the St Croix Business Park for the year ended December 31, 2021, was as follows:

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Discretely Presented Component Units (Continued)

St Croix Business Park (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 937,277	\$ 13,863	\$ 95,356	\$ 855,784
Capital Assets Being Depreciated:				
Land Improvements	82,725	-	-	82,725
Total Capital Assets	1,020,002	-	-	938,509
Accumulated Depreciation:				
Land Improvements	55,124	4,136	-	59,260
Net Capital Assets - St. Croix Business Park	\$ 964,878	\$ (4,136)	\$ -	\$ 879,249

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

Joint Library

Capital asset activity for the Joint Library for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Buildings and Improvements	\$ 523,386	\$ -	\$ -	\$ 523,386
Machinery and Equipment	639,978	70,195	-	710,173
Total Capital Assets	1,163,364	70,195	-	1,233,559
Accumulated Depreciation:				
Buildings and Improvements	213,695	20,669	-	234,364
Machinery and Equipment	216,253	82,150	-	298,403
Total Accumulated Depreciation	429,948	102,819	-	532,767
Net Capital Assets - Joint Library	\$ 733,416	\$ (32,624)	\$ -	\$ 700,792

Depreciation expense charged to the Joint Library was \$102,819.

The long-term obligations activity for the Joint Library component unit for the year ended December 31, 2021, was as follows:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Amounts Due Within One Year
Employee Leave Liability	\$ 9,323	\$ 1,384	\$ -	\$ 10,707	\$ 10,707

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Discretely Presented Component Units (Continued)

Community Access Board

Capital asset activity for the Community Access Board for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 265,011	\$ 16,584	\$ -	\$ 281,595
Accumulated Depreciation:				
Machinery and Equipment	162,290	18,724	-	181,014
Net Capital Assets - Community Access Board	<u>\$ 102,721</u>	<u>\$ (18,724)</u>	<u>\$ -</u>	<u>\$ 100,581</u>

Depreciation expense charged to the Community Access Board was \$18,724.

The long-term obligations activity for the Community Access Board component unit for the year ended December 31, 2021, was as follows:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Amounts Due Within One Year
Employee Leave Liability	<u>\$ 26,973</u>	<u>\$ -</u>	<u>\$ 14,397</u>	<u>\$ 12,576</u>	<u>\$ 12,576</u>

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. Contract Commitments

At December 31, 2021, the City is committed to multiple contracts for the construction of a new wastewater treatment plant. The City's remaining commitment under these contracts, including December 31, 2021 accounts payable and retainage payable, is \$1,698,940.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUDSON, WISCONSIN
BUDGETARY COMPARISON SCHEDULE —
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 6,738,199	\$ 6,738,199	\$ 6,737,062	\$ (1,137)
Intergovernmental	1,191,210	1,191,210	1,354,452	163,242
Licenses and Permits	311,780	311,780	411,944	100,164
Fines and Forfeits	120,000	120,000	74,023	(45,977)
Public Charges for Services	209,225	209,225	216,613	7,388
Intergovernmental Charges for Services	694,904	694,904	726,038	31,134
Miscellaneous:				
Interest	75,000	75,000	1,507	(73,493)
Rent	143,000	143,000	145,400	2,400
Other	30,500	30,500	59,530	29,030
Total Revenues	<u>9,513,818</u>	<u>9,513,818</u>	<u>9,726,569</u>	<u>212,751</u>
EXPENDITURES				
General Government	2,006,027	2,006,027	2,134,317	(128,290)
Public Safety	4,994,709	4,994,709	5,435,191	(440,482)
Transportation Facilities	1,648,569	1,648,569	1,678,896	(30,327)
Sanitation	13,652	13,652	14,443	(791)
Health and Human Services	16,900	16,900	18,806	(1,906)
Culture, Recreation and Education	804,392	804,392	844,948	(40,556)
Conservation and Development	532,304	532,304	641,040	(108,736)
Total Expenditures	<u>10,016,553</u>	<u>10,016,553</u>	<u>10,767,641</u>	<u>(751,088)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(502,735)	(502,735)	(1,041,072)	(538,337)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Property	4,000	4,000	3,937	(63)
Transfers In	560,000	560,000	592,952	32,952
Transfers Out	(61,265)	(61,265)	(61,265)	-
Total Other Financing Sources (Uses)	<u>502,735</u>	<u>502,735</u>	<u>535,624</u>	<u>32,889</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(505,448)	<u>\$ (505,448)</u>
Fund Balance - Beginning of Year			<u>5,606,130</u>	
FUND BALANCE - END OF YEAR			<u>\$ 5,100,682</u>	

See Notes to Required Supplementary Information.

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

Plan Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2020	0.04850856%	\$ (3,028,456)	\$ 6,345,452	47.73 %	105.26 %
12/31/2019	0.04733479%	(1,526,289)	6,377,558	23.93	102.96
12/31/2018	0.04506210%	1,603,168	6,078,348	26.38	96.45
12/31/2017	0.04237096%	(1,258,044)	5,580,151	22.54	102.93
12/31/2016	0.04027648%	331,974	5,274,504	6.29	99.12
12/31/2015	0.03942175%	640,597	4,990,775	12.84	98.20
12/31/2014	0.03932084%	(965,827)	4,775,480	20.22	102.74

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

Changes of Assumptions. No significant change in assumptions were noted from the prior year.

**CITY OF HUDSON, WISCONSIN
SCHEDULE OF CITY'S CONTRIBUTION TO
WISCONSIN RETIREMENT SYSTEM —
LAST TEN FISCAL YEARS
(SHOWN PROSPECTIVELY FROM IMPLEMENTATION)**

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2021	\$ 583,209	\$ (583,209)	\$ -	\$ 6,679,423	8.73 %
12/31/2020	545,833	(545,833)	-	6,308,545	8.65
12/31/2019	511,551	(511,551)	-	6,377,558	8.02
12/31/2018	490,651	(490,651)	-	6,078,348	8.07
12/31/2017	455,284	(455,284)	-	5,580,151	8.16
12/31/2016	398,730	(398,730)	-	5,274,504	7.56
12/31/2015	385,618	(385,618)	-	4,990,775	7.73

See Notes to Required Supplementary Information.

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability				
Service Cost	\$ 152,610	\$ 145,836	130,844	153,479
Interest	53,756	57,878	68,322	36,984
Differences Between Expected and Actual Experience	-	-	(458,515)	-
Changes of Assumptions or Other Input	-	(50,609)	(174,127)	64,518
Benefit Payments	<u>(74,355)</u>	<u>(75,082)</u>	<u>(113,301)</u>	<u>(110,134)</u>
Net Change in Total OPEB Liability	132,011	78,023	(546,777)	144,847
Total OPEB Liability - Beginning	<u>1,513,244</u>	<u>1,645,255</u>	<u>1,723,278</u>	<u>1,176,501</u>
Total OPEB Liability - Ending	<u>\$ 1,645,255</u>	<u>\$ 1,723,278</u>	<u>1,176,501</u>	<u>1,321,348</u>
Covered Payroll	\$ 5,310,004	5,469,304	5,636,961	5,820,162
Total OPEB Liability as a Percentage of Covered Payroll	30.98%	31.51%	20.87%	22.70%

Plan Assets. No assets are accumulated in a trust associated with the total OPEB liability.

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

Changes of Assumptions. Several actuarial assumptions changed from the prior year, including the discount rate, health care trend rates, mortality tables, retirement and withdrawal tables, salary increase rates, retiree plan participation percentage, and the percentage of future spouses.

See Notes to Required Supplementary Information.

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)

OPEB Fiscal Year End Date (Measurement Date)	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2020	0.06659100%	\$ 366,299	\$ 4,086,000	8.96 %	31.36 %
12/31/2019	0.07222800%	307,561	3,889,000	7.91	37.58
12/31/2018	0.08302300%	214,227	3,791,000	5.65	48.69
12/31/2017	0.09710600%	292,152	4,083,585	7.15	44.81

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

Changes of Assumptions. The Single Discount Rate assumption used to develop Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.

**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)**

City's Fiscal Year End Date	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2020	\$ 1,395	\$ (1,395)	\$ -	\$ 4,086,000	0.03 %
12/31/2019	1,313	(1,313)	-	3,889,000	0.03
12/31/2019	1,397	(1,397)	-	3,791,000	0.04
12/31/2018	1,598	(1,598)	-	4,083,585	0.04

See Notes to Required Supplementary Information.

**CITY OF HUDSON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

BUDGETARY INFORMATION

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

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

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

The General Fund expenditures exceeded the final budget in the general government (\$128,290); public safety (\$440,482); transportation facilities (\$30,327); sanitation (\$791); health and human services (\$1,906); culture, recreation, and education (\$40,556); and conservation and development (\$108,736) categories. These overages were determined necessary and were authorized by management.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**CITY OF HUDSON, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS —
COMBINING BALANCE SHEET
DECEMBER 31, 2021**

	Special Revenue Funds										Capital Projects Funds			Total Nonmajor Governmental Funds	
	Room Tax Fund	American Rescue Plan Act (ARPA) Fund	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Golden Rule 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
ASSETS															
Cash and Investments	\$ 133,867	\$ 738,944	\$ 1,206,485	\$ 663,362	\$ 49,510	\$ 297	\$ 3,550	\$ 584,064	\$ 160,530	\$ 552,076	\$ 4,092,685	\$ 1,114,927	\$ 382,415	\$ 1,497,342	\$ 5,590,027
Taxes Receivable	-	-	-	-	-	-	-	-	-	-	-	1,012,578	436,778	1,449,356	1,449,356
Accounts Receivable	66,287	-	-	-	-	-	-	-	-	145,085	211,372	-	-	-	211,372
Total Assets	<u>\$ 200,154</u>	<u>\$ 738,944</u>	<u>\$ 1,206,485</u>	<u>\$ 663,362</u>	<u>\$ 49,510</u>	<u>\$ 297</u>	<u>\$ 3,550</u>	<u>\$ 584,064</u>	<u>\$ 160,530</u>	<u>\$ 697,161</u>	<u>\$ 4,304,057</u>	<u>\$ 2,127,505</u>	<u>\$ 819,193</u>	<u>\$ 2,946,698</u>	<u>\$ 7,250,755</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES															
LIABILITIES															
Vouchers and Accounts Payable	\$ 74,415	\$ -	\$ -	\$ 1,000	\$ 3,666	\$ -	\$ -	\$ -	\$ -	\$ 162,682	\$ 241,763	\$ 1,998	\$ 2,000	\$ 3,998	\$ 245,761
Accrued Wages	-	-	-	-	-	-	-	-	-	3,961	3,961	-	-	-	3,961
Unearned Revenues	-	738,070	-	-	-	-	-	-	-	-	738,070	-	-	-	738,070
Total Liabilities	74,415	738,070	-	1,000	3,666	-	-	-	-	166,643	983,794	1,998	2,000	3,998	987,792
DEFERRED INFLOWS OF RESOURCES															
Subsequent Year's Property Taxes	-	-	-	-	-	-	-	-	-	-	-	1,012,578	436,778	1,449,356	1,449,356
FUND BALANCES															
Restricted	-	-	-	662,362	45,844	297	3,550	584,064	160,530	530,518	1,987,165	1,112,929	380,415	1,493,344	3,480,509
Committed	125,739	874	1,206,485	-	-	-	-	-	-	-	1,333,098	-	-	-	1,333,098
Total Fund Balances	<u>125,739</u>	<u>874</u>	<u>1,206,485</u>	<u>662,362</u>	<u>45,844</u>	<u>297</u>	<u>3,550</u>	<u>584,064</u>	<u>160,530</u>	<u>530,518</u>	<u>3,320,263</u>	<u>1,112,929</u>	<u>380,415</u>	<u>1,493,344</u>	<u>4,813,607</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 200,154</u>	<u>\$ 738,944</u>	<u>\$ 1,206,485</u>	<u>\$ 663,362</u>	<u>\$ 49,510</u>	<u>\$ 297</u>	<u>\$ 3,550</u>	<u>\$ 584,064</u>	<u>\$ 160,530</u>	<u>\$ 697,161</u>	<u>\$ 4,304,057</u>	<u>\$ 2,127,505</u>	<u>\$ 819,193</u>	<u>\$ 2,946,698</u>	<u>\$ 7,250,755</u>

**CITY OF HUDSON, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS —
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue Funds										Capital Projects Funds			Total Nonmajor Governmental Funds	
	Room Tax Fund	American Rescue Plan Act (ARPA) Fund	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Golden Rule 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
REVENUES															
Taxes	\$ 253,616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,616	\$ 970,559	\$ 555,149	\$ 1,525,708	\$ 1,779,324
Fines and Forfeits	-	-	-	-	-	-	2,247	-	-	2,247	-	-	-	-	2,247
Public Charges for Services	-	-	70,200	-	-	-	-	-	531,544	601,744	-	-	-	-	601,744
Miscellaneous:															
Allocated Investment Earnings	31	874	437	1,290	44	1	(69)	126	35	253	3,022	1,541	683	2,224	5,246
Other	-	-	-	74,921	23,579	1,781	-	-	-	-	100,281	-	-	-	100,281
Total Revenues	253,647	874	70,637	76,211	23,623	1,782	2,178	126	35	531,797	960,910	972,100	555,832	1,527,932	2,488,842
EXPENDITURES															
Public Safety	-	-	-	-	27,656	-	-	-	-	-	27,656	-	-	-	27,656
Transportation Facilities	-	-	-	-	-	-	-	-	453,066	453,066	-	-	-	-	453,066
Culture, Recreation and Education	265,240	-	-	109,417	-	1,485	-	-	-	376,142	-	-	-	-	376,142
Conservation and Development	-	-	-	-	-	-	-	-	-	-	5,328	158,713	164,041	164,041	164,041
Total Expenditures	265,240	-	-	109,417	27,656	1,485	-	-	-	453,066	856,864	5,328	158,713	164,041	1,020,905
EXCESS OF REVENUES OVER EXPENDITURES	(11,593)	874	70,637	(33,206)	(4,033)	297	2,178	126	35	78,731	104,046	966,772	397,119	1,363,891	1,467,937
OTHER FINANCING SOURCES (USES)															
Transfers Out	-	-	(14,073)	-	-	-	-	-	-	(16,260)	(30,333)	-	-	-	(30,333)
NET CHANGE IN FUND BALANCES	(11,593)	874	56,564	(33,206)	(4,033)	297	2,178	126	35	62,471	73,713	966,772	397,119	1,363,891	1,437,604
Fund Balances - Beginning of Year	137,332	-	1,149,921	695,568	49,877	-	1,372	583,938	160,495	468,047	3,246,550	146,157	(16,704)	129,453	3,376,003
FUND BALANCES - END OF YEAR	\$ 125,739	\$ 874	\$ 1,206,485	\$ 662,362	\$ 45,844	\$ 297	\$ 3,550	\$ 584,064	\$ 160,530	\$ 530,518	\$ 3,320,263	\$ 1,112,929	\$ 380,415	\$ 1,493,344	\$ 4,813,607

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED BALANCE SHEET
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	2021	2020
ASSETS		
Treasurer's Cash and Investments	\$ 5,916,826	\$ 6,445,842
Petty Cash	781	781
Current Taxes Receivable	6,709,568	6,237,333
Delinquent Personal Property Taxes	25,898	52,743
Accounts Receivable	441,496	208,236
Due from Other Governmental Units	-	101,261
Prepayments	40,246	20,326
	\$ 13,134,815	\$ 13,066,522
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Vouchers and Accounts Payable	\$ 385,150	\$ 224,476
Payroll Withholdings	9,087	85,561
Accrued Wages	218,976	211,338
Due to Other Governmental Units	64	178
Special Deposits	236,333	212,241
Total Liabilities	849,610	733,794
DEFERRED INFLOWS OF RESOURCES		
Subsequent Year's Property Taxes	7,184,523	6,726,598
FUND BALANCE		
Nonspendable		
Delinquent Taxes	25,898	52,743
Prepayments	40,246	20,326
Assigned	547,502	545,902
Unassigned	4,487,036	4,987,159
Total Fund Balance	5,100,682	5,606,130
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 13,134,815	\$ 13,066,522

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
STATEMENT OF CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2021**

	Balance 1/1/21	Revenues/Other Sources			Net Transfers From (To) General Fund	Total Available	Expenditures/ Transfers to Other Funds	Balance 12/31/21
		Tax Levy	Interest	Other				
Nonspendable:								
Delinquent Taxes	\$ 52,743	\$ -	\$ -	\$ -	\$ (26,845)	\$ 25,898	\$ -	\$ 25,898
Prepayments	20,326	-	-	-	19,920	40,246	-	40,246
Total Nonspendable	\$ 73,069	\$ -	\$ -	\$ -	\$ (6,925)	\$ 66,144	\$ -	\$ 66,144
Assigned:								
Police Equipment	\$ 13,054	\$ -	\$ 28	\$ 10	\$ -	\$ 13,092	\$ -	\$ 13,092
Fire Equipment	80,630	-	175	62	-	80,867	-	80,867
Health Insurance	443,193	-	957	342	-	444,492	-	444,492
Energy Savings	7,464	-	16	6	-	7,486	-	7,486
BOGO Tree Funds	1,561	-	3	1	-	1,565	-	1,565
Total Assigned	\$ 545,902	\$ -	\$ 1,179	\$ 421	\$ -	\$ 547,502	\$ -	\$ 547,502

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021		Variance - Positive (Negative)	2020 Actual
	Final Budget	Actual		
REVENUES				
Taxes				
General Property Taxes	\$ 6,726,599	\$ 6,726,600	\$ 1	\$ 6,484,224
Payment in Lieu of Taxes:				
Housing Authority	10,000	10,000	-	10,000
Interest and Penalties on Taxes	1,600	462	(1,138)	5,039
Total Taxes	<u>6,738,199</u>	<u>6,737,062</u>	<u>(1,137)</u>	<u>6,499,263</u>
Intergovernmental				
State Shared Taxes	160,930	213,888	52,958	204,518
State Aid for Exempt Computers	30,000	30,502	502	30,502
State Fire Insurance Tax	77,000	90,893	13,893	83,849
State Aid for Police Training	4,000	4,320	320	9,515
State Transportation Aids	839,420	838,012	(1,408)	839,420
County Recycling Grant	-	-	-	2,270
DNR Urban Forestry Grant	-	24,096	24,096	264,411
Other Intergovernmental Aids	79,860	152,741	72,881	83,140
Total Intergovernmental	<u>1,191,210</u>	<u>1,354,452</u>	<u>163,242</u>	<u>1,517,625</u>
Licenses and Permits				
Business and Occupational Licenses:				
Liquor and Malt Beverage	40,000	31,025	(8,975)	20,780
Other	15,380	23,183	7,803	11,550
Dog Licenses (Including County Refund)	5,000	2,985	(2,015)	2,782
Cat Licenses	800	-	(800)	545
Building Permits	210,000	311,130	101,130	431,443
Other Permits	7,600	11,140	3,540	7,310
Filing Fees	33,000	32,481	(519)	15,626
Total Licenses and Permits	<u>311,780</u>	<u>411,944</u>	<u>100,164</u>	<u>490,036</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, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021		Variance - Positive (Negative)	2020 Actual
	Final Budget	Actual		
REVENUES (CONTINUED)				
Fines and Forfeits				
Court Penalties and Costs	\$ 120,000	\$ 71,473	\$ (48,527)	\$ 89,123
County Court/Miscellaneous	-	2,550	2,550	15,362
Total Fines and Forfeits	120,000	74,023	(45,977)	104,485
Public Charges for Services				
General Government				
License Publication Fees	300	270	(30)	320
Maps, Copies and Photos	700	1,504	804	565
Tax Exempt Property Fees	-	-	-	225
Assessment Search Fees	6,000	5,375	(625)	6,575
Administration Charge to Business Park	12,500	6,215	(6,285)	12,430
Public Safety				
Police Special OT	5,000	2,450	(2,550)	2,019
Public Education Fees	375	-	(375)	-
Public Works				
Maintenance Charges	93,600	78,502	(15,098)	74,407
Weed and Nuisance Charges	750	688	(62)	-
Culture, Recreation and Education				
Parks and Recreation	30,000	42,839	12,839	15,930
Boat Launching	45,000	64,046	19,046	72,546
Sail Boat Mooring	15,000	14,724	(276)	13,938
Total Public Charges for Services	209,225	216,613	7,388	198,955
Intergovernmental Charges for Services				
Other Local Governments				
Fire Protection - Contracts	496,204	492,169	(4,035)	497,285
School Liaison Officer - School Share	175,000	208,133	33,133	138,630
Police Labor Reimbursement	300	3,476	3,176	32
Other Charges	-	108	108	786
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	694,904	726,038	31,134	658,885

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021			2020 Actual
	Final Budget	Actual	Variance - Positive (Negative)	
REVENUES (CONTINUED)				
Miscellaneous				
Interest on Investments	\$ 75,000	\$ 1,507	\$ (73,493)	\$ 58,140
MB Occupancy Costs	143,000	143,000	-	141,092
Rent of City Buildings and Property	-	1,200	1,200	5,160
Rent Charge to Ambulance Utility	-	1,200	1,200	1,570
Insurance Dividends	2,000	22,813	20,813	627
Donations	500	1,299	799	1,298
Other Refunds and Reimbursements	28,000	35,418	7,418	80,669
Total Miscellaneous	<u>248,500</u>	<u>206,437</u>	<u>(42,063)</u>	<u>288,556</u>
 Total Revenues	 9,513,818	 9,726,569	 212,751	 9,757,805
EXPENDITURES				
General Government				
Mayor and Council	67,981	75,007	(7,026)	73,589
Municipal Court	127,435	129,012	(1,577)	120,486
Municipal Court Capital Outlay	-	62	(62)	-
City Attorney/Other Legal	93,400	150,142	(56,742)	152,474
Clerk-Treasurer	456,785	425,905	30,880	411,675
Administrator	162,227	163,574	(1,347)	159,435
Labor Negotiator/Drug Test	12,000	42,643	(30,643)	27,210
Information Technology	307,676	300,391	7,285	319,243
Information Technology Capital Outlay	10,000	2,227	7,773	-
Elections	26,340	27,194	(854)	53,720
Assessment of Property	109,900	119,780	(9,880)	120,449
Insurance/Unallocated	223,258	228,233	(4,975)	232,372
City Hall	147,120	140,175	6,945	138,725
Municipal Building	221,905	307,476	(85,571)	192,533
Contingency/Special Projects	40,000	22,496	17,504	22,124
Total General Government	<u>2,006,027</u>	<u>2,134,317</u>	<u>(128,290)</u>	<u>2,024,035</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, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021			2020 Actual
	Final Budget	Actual	Variance - Positive (Negative)	
EXPENDITURES (CONTINUED)				
Public Safety				
Police Administration	\$ 663,972	\$ 690,574	\$ (26,602)	\$ 671,487
Police Patrol	2,282,185	2,667,914	(385,729)	2,394,691
Police Patrol Capital Outlay	90,000	120,853	(30,853)	101,480
Criminal Investigation	536,044	541,625	(5,581)	584,113
Criminal Investigation Outlay	-	259	(259)	-
School Officer	233,953	269,452	(35,499)	165,063
Police and Fire Commission	2,400	1,026	1,374	2,375
Fire Department	442,949	426,946	16,003	440,111
Fire Department Capital Outlay	33,100	31,227	1,873	47,624
Fire Department Training	69,130	65,197	3,933	53,013
Fire Department Officers	32,372	32,522	(150)	39,853
Fire Deferred Compensation Wages	22,246	3,991	18,255	15,784
Fire Mechanic Wages	10,447	3,432	7,015	7,995
Fire Administration	336,636	348,640	(12,004)	316,553
Building Inspection	226,275	215,727	10,548	225,267
Building Inspection Outlay	-	-	-	25,362
Disaster Control	-	-	-	14
Emergency Government - Sirens	9,000	56	8,944	1,765
Emergency Government - Sirens Outlay	-	14,550	(14,550)	-
Dams	4,000	1,200	2,800	600
Total Public Safety	4,994,709	5,435,191	(440,482)	5,093,150
Transportation Facilities				
Streets and Related Facilities:				
Director of Public Works	239,119	255,807	(16,688)	274,220
Machinery and Equipment	209,193	192,681	16,512	168,267
Garage - Storage Sheds	35,200	31,964	3,236	41,982
West Garage	9,500	5,266	4,234	4,867
Street Maintenance	967,157	982,528	(15,371)	1,033,648

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021		Variance - Positive (Negative)	2020 Actual
	Final Budget	Actual		
EXPENDITURES (CONTINUED)				
Transportation Facilities (Continued)				
Streets and Related Facilities (Continued)				
Highways 94 and 35	\$ 29,000	\$ 40,420	\$ (11,420)	\$ 21,841
Street Lighting	118,500	141,409	(22,909)	136,700
Street Signs and Markings	17,800	13,635	4,165	11,515
Stop and Go Lights	21,100	13,592	7,508	22,644
Sidewalks and Crosswalks	1,000	1,000	-	-
Curb and Gutter	1,000	594	406	-
Total Transportation Facilities	<u>1,648,569</u>	<u>1,678,896</u>	<u>(30,327)</u>	<u>1,715,684</u>
Sanitation				
Landfill	2,500	2,341	159	2,015
Weed Control	6,300	8,443	(2,143)	6,511
Recycling Coordinator	4,852	3,659	1,193	6,221
Total Sanitation	<u>13,652</u>	<u>14,443</u>	<u>(791)</u>	<u>14,747</u>
Health and Human Services				
Sealer of Weights and Measures	6,000	6,000	-	6,000
Animal Control	10,900	12,806	(1,906)	12,863
Total Health and Human Services	<u>16,900</u>	<u>18,806</u>	<u>(1,906)</u>	<u>18,863</u>
Culture, Recreation and Education				
Joint Library	364,365	364,365	-	357,221
Parks				
Parks Administration	103,058	106,607	(3,549)	109,634
General Park Maintenance	238,620	278,454	(39,834)	188,050

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021		Variance - Positive (Negative)	2020 Actual
	Final Budget	Actual		
EXPENDITURES (CONTINUED)				
Culture, Recreation and Education (Continued)				
Parks (Continued)				
Lakefront Park	\$ 43,555	\$ 44,792	\$ (1,237)	\$ 43,397
Grandview Park	54,794	49,037	5,757	52,131
Celebrations	-	1,693	(1,693)	-
Total Culture, Recreation and Education	<u>804,392</u>	<u>844,948</u>	<u>(40,556)</u>	<u>750,433</u>
Conservation and Development				
Shade Tree Control	136,681	194,710	(58,029)	95,167
Community Development	395,623	446,330	(50,707)	489,407
Total Conservation and Development	<u>532,304</u>	<u>641,040</u>	<u>(108,736)</u>	<u>584,574</u>
Total Expenditures	<u>10,016,553</u>	<u>10,767,641</u>	<u>(751,088)</u>	<u>10,201,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(502,735)	(1,041,072)	(538,337)	(443,681)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of City Property	4,000	3,937	(63)	12,378
Transfers In:				
From Water Utility - Tax Equivalent	500,000	523,567	23,567	513,079
From Sewer Utility - Tax Equivalent	60,000	69,385	9,385	60,900
Transfers Out:				
To Debt Service Fund	(61,265)	(61,265)	-	(69,883)
Total Other Financing Sources (Uses)	<u>502,735</u>	<u>535,624</u>	<u>32,889</u>	<u>516,474</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(505,448)</u>	<u>\$ (505,448)</u>	<u>72,793</u>
Fund Balance - Beginning of Year		<u>5,606,130</u>		<u>5,533,337</u>
FUND BALANCE - END OF YEAR		<u>\$ 5,100,682</u>		<u>\$ 5,606,130</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Investments:		
Operations	\$ 5,381,556	\$ 5,140,658
Future Facilities Account	103,666	103,363
Customer Accounts Receivable	844,602	753,664
Accounts Receivable on Tax Roll	87,590	62,887
Other Accounts Receivable	61,690	53,874
Due from Other Governmental Units	19,112	19,107
Inventories	25,815	26,695
Total Current Assets	<u>6,524,031</u>	<u>6,160,248</u>
Restricted Assets		
Cash and Investments		
Debt Service Funds		
Unspent Bond Proceeds	157	157
Carmichael Impact Assessments	747,123	734,002
Wisconsin Retirement System Net Pension Asset	243,177	124,850
Total Restricted Assets	<u>990,457</u>	<u>859,009</u>
Capital Assets		
Utility Plant in Service	42,960,950	42,753,878
Less Accumulated Depreciation	<u>16,106,446</u>	<u>15,060,902</u>
Net Utility Plant in Service	26,854,504	27,692,976
Construction Work in Progress	<u>1,148,755</u>	<u>291,714</u>
Total Capital Assets	<u>28,003,259</u>	<u>27,984,690</u>
Total Assets	35,517,747	35,003,947
DEFERRED OUTFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	404,972	292,304
Other Postemployment Benefits Related	9,829	10,210
State Life Insurance Other Postemployment Benefits Related	<u>18,002</u>	<u>14,805</u>
Total Deferred Outflows of Resources	432,803	317,319

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	2021	2020
LIABILITIES		
Current Liabilities Payable from Current Assets		
Vouchers and Accounts Payable	\$ 93,783	\$ 90,224
Due Other Governmental Units	29,896	28,058
Security Deposits	112,583	91,968
Accrued Employee Liabilities	12,888	60,691
Accrued Wages	33,197	31,054
Accrued Interest	8,771	9,306
Current Portion of Mortgage Revenue Bonds	81,680	80,267
Current Portion of General Obligation Bonds	40,000	40,000
Total Current Liabilities Payable From Current Assets	412,798	431,568
 Long-Term Liabilities (Net of Current Portion)		
Total Other Postemployment Benefits Liability	117,744	104,837
State Life Insurance Net Other Postemployment Benefits Liability	42,857	35,985
Mortgage Revenue Bonds	1,412,724	1,494,404
General Obligation Bonds	665,232	705,890
Total Long-Term Liabilities (Net of Current Portion)	2,238,557	2,341,116
 Total Liabilities	2,651,355	2,772,684
 DEFERRED INFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	532,843	374,881
Other Postemployment Benefits Related	46,853	53,618
State Life Insurance Other Postemployment Benefits Related	12,127	12,019
Total Deferred Inflows of Resources	591,823	440,518
 NET POSITION		
Net Investment in Capital Assets	25,803,780	25,664,286
Restricted for Impact Assessments	747,123	734,002
Restricted for Pension Plan	243,177	124,850
Unrestricted	5,913,292	5,584,926
Total Net Position	\$ 32,707,372	\$ 32,108,064

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Sales of Water		
Residential	\$ 1,144,968	\$ 1,105,713
Commercial	1,670,216	1,317,564
Industrial	9,104	8,845
Public Authorities	40,164	28,241
Metered Sales to Temporary Customers	4,167	20,595
Public Fire Protection	603,168	414,731
Private Fire Protection	149,554	147,963
Total Sales of Water	<u>3,621,341</u>	<u>3,043,652</u>
Other Operating Revenues		
Forfeited Discounts	18,829	3,164
Tower Leasing	282,137	291,824
Meter Charge to Sewer	217,095	196,418
Other Operating Revenues	56,534	23,315
Total Other Operating Revenues	<u>574,595</u>	<u>514,721</u>
Total Operating Revenues	<u>4,195,936</u>	<u>3,558,373</u>
OPERATING EXPENSES		
Operation and Maintenance	2,083,502	2,336,204
Depreciation	1,096,968	1,071,932
Total Operating Expenses	<u>3,180,470</u>	<u>3,408,136</u>
OPERATING INCOME	1,015,466	150,237
NONOPERATING REVENUES (EXPENSES)		
Investment Income	2,254	50,340
Interest Expense	(45,221)	(47,826)
Gain/Loss on Sale of Capital Assets	85	5,047
Net Amortization of Debt Items	657	734
Total Nonoperating Revenues (Expenses)	<u>(42,225)</u>	<u>8,295</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	973,241	158,532
CAPITAL CONTRIBUTIONS		
Plant Contributed by Developers	138,670	4,092
Impact Fees Applied	10,964	7,434
Total Capital Contributions	<u>149,634</u>	<u>11,526</u>
TRANSFERS		
Transfer to General Fund	<u>(523,567)</u>	<u>(513,079)</u>
CHANGE IN NET POSITION	599,308	(343,021)
Net Position - Beginning of Year	<u>32,108,064</u>	<u>32,451,085</u>
NET POSITION - END OF YEAR	<u>\$ 32,707,372</u>	<u>\$ 32,108,064</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 3,272,826	\$ 2,899,709
Cash Received for Public Fire Protection	603,168	414,731
Cash Received for Sewer Share of Meter Related Expense	217,095	196,418
Cash Payments to Suppliers for Goods and Services	(1,053,133)	(1,542,954)
Cash Payments for Employee Services	<u>(1,132,479)</u>	<u>(1,084,880)</u>
Net Cash Provided by Operating Activities	1,907,477	883,024
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Payments for Tax Equivalents	(523,567)	(513,079)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(976,867)	(607,505)
Cash Received for Salvage of Capital Assets	85	5,047
Cash Received for Impact Fees	10,964	7,434
Principal Paid on Long-Term Debt	(120,268)	(118,880)
Interest Paid on Long-Term Debt	<u>(45,756)</u>	<u>(48,358)</u>
Net Cash Used by Capital and Related Financing Activities	(1,131,842)	(762,262)
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>2,254</u>	<u>50,340</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	254,322	(341,977)
Cash and Cash Equivalents - Beginning of Year	<u>5,978,180</u>	<u>6,320,157</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,232,502</u>	<u>\$ 5,978,180</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 1,015,466	\$ 150,237
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(118,327)	(256,067)
Deferred Outflows of Resources	(112,668)	65,014
Deferred Inflows of Resources	157,962	192,643
Change in OPEB Plan:		
Asset/Liability	19,779	(56,568)
Deferred Outflows of Resources	(2,816)	(9,680)
Deferred Inflows of Resources	(6,657)	50,572
Depreciation	1,096,968	1,071,932
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(90,938)	(35,204)
Accounts Receivable on Tax Roll	(24,703)	4,232
Other Accounts Receivable	(7,816)	(37,118)
Due from Other Governmental Units	(5)	2,450
Prepaid Expenses	-	31
Inventories	880	744
Increase (Decrease) in Liabilities:		
Accounts Payable	3,559	(297,820)
Special Deposits	20,615	18,094
Accrued Wages	2,143	8,549
Accrued Employee Benefits	(47,803)	(1,937)
Due to Other Governmental Units	1,838	12,920
Net Cash Provided by Operating Activities	\$ 1,907,477	\$ 883,024
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position		
Cash and Investments	\$ 5,485,222	\$ 5,244,021
Cash and Investments - Restricted	747,280	734,159
Cash and Cash Equivalents	\$ 6,232,502	\$ 5,978,180
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital Assets Financed by Customers and Developers	\$ 138,670	\$ -

**CITY OF HUDSON, WISCONSIN
 WATER UTILITY ENTERPRISE FUND —
 SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
 YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
Pumping		
Salaries and Wages	\$ 137,302	\$ 128,172
Fringe Benefits	73,923	69,187
Power Purchased for Pumping	205,958	170,978
Operating Supplies	71,183	61,479
Maintenance of Structures and Improvements	49,918	8,598
Maintenance of Pumping Plant	27,410	68,604
Total Pumping	565,694	507,018
 Water Treatment		
Salaries and Wages	69,668	68,991
Fringe Benefits	34,969	31,017
Operating Supplies	26,040	21,409
Chemicals	31,037	31,678
Maintenance Supplies	5,916	11,206
Total Water Treatment	167,630	164,301
 Transmission and Distribution		
General Transmission and Distribution Expenses		
Salaries and Wages	192,162	220,902
Fringe Benefits	122,198	113,690
Operating Supplies	2,795	5,817
Maintenance		
Reservoirs and Towers		
Salaries and Wages	169	-
Fringe Benefits	83	-
Other Expenses	23,852	338,094
Mains		
Salaries and Wages	286	1,004
Fringe Benefits	186	373
Payment to North Hudson	162,843	123,522
Other Expenses	43,093	(2,816)
Services		
Salaries and Wages	290	521
Fringe Benefits	193	364
Other Expenses	26,254	6,088

**CITY OF HUDSON, WISCONSIN
 WATER UTILITY ENTERPRISE FUND —
 SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
Transmission and Distribution (Continued)		
Maintenance (Continued)		
Meters		
Salaries and Wages	\$ 32,828	\$ 50,150
Fringe Benefits	17,249	20,097
Other Expenses	60,705	1,253
Hydrants		
Salaries and Wages	15,203	11,151
Fringe Benefits	5,407	3,731
Other Expenses	23,694	17,330
Total Transmission and Distribution	729,490	911,271
Meter Reading:		
Salaries and Wages	5,615	4,314
Fringe Benefits	3,409	2,779
Other Expenses	15,054	22,353
Total Meter Reading	24,078	29,446
Customer Accounting and Collection		
Salaries and Wages	43,107	37,634
Fringe Benefits	22,301	18,536
Other Expenses	9,026	8,979
Total Customer Accounting and Collection	74,434	65,149
Administrative and General		
Salaries and Wages	217,473	208,547
Fringe Benefits	27,813	82,971
Office Supplies and Expenses	59,425	52,872
Outside Services Employed	96,491	191,245
Insurance (except transportation)	63,418	57,472
Miscellaneous General Expense	4,003	3,442
Transportation		
Salaries and Wages	1,465	2,051
Fringe Benefits	793	1,224
Insurance	5,710	5,710
Other Expenses	28,805	24,691
Maintenance of General Plant	16,780	27,495
Other		
Miscellaneous	-	1,299
Total Administrative and General	522,176	659,019
 Total Operation and Maintenance Expenses	 \$ 2,083,502	 \$ 2,336,204

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	2021	2020
ASSETS		
Current Assets		
Cash and Investments		
Operations	\$ 145,697	\$ -
Future Facilities Account (Net of Debt Restriction)	6,037,323	3,451,275
Customer Accounts Receivable	594,453	475,552
Accounts Receivable on Tax Roll	57,459	73,896
Other Accounts Receivable	23,922	24,254
Due from Other Governmental Units	133,886	151,377
Due from Other Funds	-	52,284
Total Current Assets	6,992,740	4,228,638
Restricted Assets		
DNR Grant Replacement Account	1,940,028	1,934,360
Wisconsin Retirement System Net Pension Asset	143,342	71,583
Total Restricted Assets	2,083,370	2,005,943
Capital Assets		
Construction Work in Progress	11,421,784	3,708,094
Utility Plant in Service	13,399,118	13,338,155
Less: Accumulated Depreciation	9,814,730	9,452,301
Net Capital Assets	15,006,172	7,593,948
Total Assets	24,082,282	13,828,529
DEFERRED OUTFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	238,713	167,592
Other Postemployment Benefits Related	6,553	6,807
State Life Insurance Other Postemployment Benefits Related	12,925	10,629
Total Deferred Outflows of Resources	258,191	185,028

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
LIABILITIES		
Current Liabilities Payable from Current Assets		
Vouchers and Accounts Payable	\$ 452,060	\$ 953,572
Construction Contracts Payable	482,365	119,792
Due to Other Governmental Units	38,460	46,929
Accrued Interest Payable	22,968	-
Accrued Employee Liabilities	15,478	22,413
Accrued Wages	23,227	17,156
Current Portion of Long-Term Bonds	447,210	-
Total Current Liabilities Payable From Current Assets	<u>1,481,768</u>	<u>1,159,862</u>
Long-Term Liabilities (Less Current Portion)		
Total Other Postemployment Benefits Liability	78,496	69,891
State Life Insurance Net Other Postemployment Benefits Liability	30,769	25,835
Mortgage Revenue Bonds	9,286,911	-
Total Long-Term Liabilities (Net of Current Portion)	<u>9,396,176</u>	<u>95,726</u>
Total Liabilities	10,877,944	1,255,588
DEFERRED INFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	314,088	214,938
Other Postemployment Benefits Related	31,235	35,744
State Life Insurance Other Postemployment Benefits Related	8,707	8,629
Total Deferred Inflows of Resources	<u>354,030</u>	<u>259,311</u>
NET POSITION		
Net Investment in Capital Assets	4,789,686	6,606,248
Restricted for Asset Replacement	1,940,028	1,934,360
Restricted for Pension Plan	143,342	71,583
Unrestricted	6,235,443	3,886,467
Total Net Position	<u>\$ 13,108,499</u>	<u>\$ 12,498,658</u>

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges for Services		
Residential	\$ 1,824,330	\$ 1,555,389
Commercial	560,407	537,158
Industrial	12,100	11,399
Public Authority	47,597	39,039
Less Charges for City/Village Replacement Accounts	<u>(70,200)</u>	<u>(66,140)</u>
Net Charges for Services	2,374,234	2,076,845
Other		
Forfeited Discounts	12,649	1,273
Dam Maintenance Charges	17,684	51,396
Other	<u>85,500</u>	<u>336,718</u>
Total Operating Revenues	<u>2,490,067</u>	<u>2,466,232</u>
OPERATING EXPENSES		
Operation and Maintenance	1,665,362	1,630,523
Depreciation	<u>362,429</u>	<u>361,259</u>
Total Operating Expenses	<u>2,027,791</u>	<u>1,991,782</u>
OPERATING INCOME	462,276	474,450
NONOPERATING REVENUES (EXPENSES)		
Investment Income	14,582	58,105
Hook-up Fees		
City	255,012	581,119
Village	14,500	58,000
Interest on Long-Term Debt	<u>(67,144)</u>	<u>-</u>
Total Nonoperating Revenues	<u>216,950</u>	<u>697,224</u>
INCOME BEFORE TRANSFERS	679,226	1,171,674
TRANSFERS		
Transfer to General Fund	<u>(69,385)</u>	<u>(60,900)</u>
CHANGE IN NET POSITION	609,841	1,110,774
Net Position - Beginning of Year	<u>12,498,658</u>	<u>11,387,884</u>
NET POSITION - END OF YEAR	<u>\$ 13,108,499</u>	<u>\$ 12,498,658</u>

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 2,440,451	\$ 2,425,198
Cash Received for Dam Maintenance	17,684	51,396
Cash Paid for City/Village Surcharges	(61,178)	(104,808)
Cash Paid for Sewer Share of Meter Related Expense	(217,095)	(196,418)
Cash Payments to Suppliers for Goods and Services	(922,362)	(894,401)
Cash Payments for Employee Services	<u>(679,402)</u>	<u>(670,886)</u>
Net Cash Provided by Operating Activities	578,098	610,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Temporary Advance with Other Funds and Related Repayment	52,284	(52,284)
Cash Payments for Tax Equivalents	<u>(69,385)</u>	<u>(60,900)</u>
Net Cash Used by Noncapital Activities		
Financing Activities	(17,101)	(113,184)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(7,797,623)	(2,009,313)
Cash Received as Utility Hook-up Fees	269,512	639,119
Cash Received for Long-Term Debt Issued	9,734,121	-
Interest Paid on Long-Term Debt	<u>(44,176)</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related		
Financing Activities	2,161,834	(1,370,194)
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>14,582</u>	<u>58,105</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,737,413	(815,192)
Cash and Cash Equivalents - Beginning of Year	<u>5,385,635</u>	<u>6,200,827</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 8,123,048</u></u>	<u><u>\$ 5,385,635</u></u>

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 462,276	\$ 474,450
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(71,759)	(146,824)
Deferred Outflows of Resources	(71,121)	36,797
Deferred Inflows of Resources	99,150	110,442
Change in OPEB Plans Activity:		
Liability	13,539	(37,164)
Deferred Outflows of Resources	(2,042)	(7,006)
Deferred Inflows of Resources	(4,431)	33,783
Depreciation	362,429	361,259
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(118,901)	(52,335)
Accounts Receivable on Tax Roll	16,437	(1,543)
Other Accounts Receivable	332	(1,900)
Due from Other Governments	17,491	(61,310)
Prepayments	-	96
Increase (Decrease) in Liabilities:		
Accounts Payable	(115,969)	(125,293)
Accrued Wages	6,071	2,930
Due to Other Government Units	(8,469)	22,642
Accrued Employee Benefits	(6,935)	1,057
Net Cash Provided by Operating Activities	<u>\$ 578,098</u>	<u>\$ 610,081</u>
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position		
Cash and Investments	\$ 6,183,020	\$ 3,451,275
Cash and Investments - Restricted	<u>1,940,028</u>	<u>1,934,360</u>
Cash and Cash Equivalents	<u>\$ 8,123,048</u>	<u>\$ 5,385,635</u>

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
Collection System		
Salaries and Related Costs	\$ 17,884	\$ 35,870
Supplies	3,667	1,014
Other Services and Charges	9,960	23,078
Total Collection System	31,511	59,962
Wastewater Treatment Plant		
Salaries and Related Costs	415,002	381,860
Supplies	89,648	91,508
Biosolids Charges	364,956	342,108
Other Services and Charges	186,179	207,847
Total Wastewater Treatment Plant	1,055,785	1,023,323
Lift Stations		
Salaries and Related Costs	38,010	37,605
Supplies	2,521	2,561
Other Services and Charges	38,729	2,457
Total Lift Stations	79,260	42,623
Dams		
Salaries and Related Costs	2,881	6,841
Other Services and Charges	914	757
Total Dams	3,795	7,687
Meter Reading		
Salaries and Related Costs	4,156	8,131
Supplies	6,027	6,839
Meter Use Charge Paid to Water Utility	217,095	196,418
Total Meter Reading	227,278	211,388
Administrative and General		
Salaries and Related Costs	163,941	194,594
Supplies	3,304	4,304
Insurance	62,426	54,554
Other Services and Charges	38,062	32,088
Total Administrative and General	267,733	285,540
 Total Operation and Maintenance Expenses	 \$ 1,665,362	 \$ 1,630,523

**CITY OF HUDSON, WISCONSIN
PARKING UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Investments		
Operations	\$ -	\$ 25,443
Future Facilities	69,352	62,444
Accounts Receivable	-	9,725
Special Assessments	9,725	8,881
Receivable on Tax Roll	9,725	10,147
Prepayments	3,220	-
Total Current Assets	<u>92,022</u>	<u>116,640</u>
Restricted Assets		
Wisconsin Retirement System Pension Plan Asset	15,848	7,784
Capital Assets		
Parking Assets in Service	2,197,301	2,197,301
Less Accumulated Depreciation	753,581	675,370
Total Capital Assets	<u>1,443,720</u>	<u>1,521,931</u>
Total Assets	1,551,590	1,646,355
DEFERRED OUTFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	26,393	18,224
Other Postemployment Benefits Related	1,092	1,134
Total Deferred Outflows of Resources	<u>27,485</u>	<u>19,358</u>
LIABILITIES		
Current Liabilities		
Vouchers and Accounts Payable	37,116	80,909
Accrued Wages	2,876	2,966
Accrued Employee Benefits	-	2,171
Due Other Governmental Units	-	580
Security Deposit	125	125
Total Current Liabilities	<u>40,117</u>	<u>86,751</u>
Long-Term Liabilities		
Total Other Postemployment Benefits Liability	13,083	11,649
DEFERRED INFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	34,727	23,373
Other Postemployment Benefits Related	5,206	5,958
Total Deferred Inflows of Resources	<u>39,933</u>	<u>29,331</u>
NET POSITION		
Net Investment in Capital Assets	1,443,720	1,448,707
Restricted	15,848	7,784
Unrestricted	26,374	81,491
Total Net Position	<u>\$ 1,485,942</u>	<u>\$ 1,537,982</u>

**CITY OF HUDSON, WISCONSIN
PARKING UTILITY ENTERPRISE FUND —
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Parking Meters	\$ 125,061	\$ 139,604
Parking Permits	18,636	15,436
Parking Tickets	117,677	8,527
Other	2,537	1,655
Total Operating Revenues	<u>263,911</u>	<u>165,222</u>
OPERATING EXPENSES		
Operation and Maintenance		
General Utility	182,135	161,877
Parking Lots	9,802	14,629
Meters	46,818	38,097
Total Operation and Maintenance	<u>238,755</u>	<u>214,603</u>
Depreciation	78,211	62,718
Total Operating Expenses	<u>316,966</u>	<u>277,321</u>
OPERATING LOSS	(53,055)	(112,099)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	<u>1,015</u>	<u>2,064</u>
CHANGE IN NET POSITION	(52,040)	(110,035)
Net Position - Beginning of Year	<u>1,537,982</u>	<u>1,648,017</u>
NET POSITION - END OF YEAR	<u>\$ 1,485,942</u>	<u>\$ 1,537,982</u>

**CITY OF HUDSON, WISCONSIN
PARKING UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 152,842	\$ 155,631
Cash Received from Parking Forfeitures	119,792	8,917
Cash Payments to Suppliers for Goods and Services	(124,688)	(128,258)
Cash Payments for Employee Services	<u>(94,272)</u>	<u>(97,090)</u>
Net Cash Provided (Used) by Operating Activities	53,674	(60,800)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(73,224)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>1,015</u>	<u>2,064</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(18,535)	(58,736)
Cash and Cash Equivalents - Beginning of Year	<u>87,887</u>	<u>146,623</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 69,352</u></u>	<u><u>\$ 87,887</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (53,055)	\$ (112,099)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(8,064)	(16,016)
Deferred Outflows of Resources	(8,169)	4,234
Deferred Inflows of Resources	11,354	11,940
Change in OPEB Plan:		
Asset/Liability	1,434	(7,499)
Deferred Outflows of Resources	42	125
Deferred Inflows of Resources	(752)	5,458
Depreciation	78,211	62,718
(Increase) Decrease in Assets:		
Accounts Receivable	9,725	422
Other Receivables	(422)	(1,265)
Prepayments	(3,220)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	29,431	(10,602)
Due to Other Governmental Units	(580)	169
Accrued Wages Payable	(90)	932
Accrued Employee Benefits	(2,171)	683
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 53,674</u></u>	<u><u>\$ (60,800)</u></u>

**CITY OF HUDSON, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND —
 STATEMENT OF NET POSITION
 DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
ASSETS		
Current Assets		
Cash and Investments		
Operations	\$ 781,981	\$ 758,096
Asset Replacement	28,213	28,130
Accounts Receivable		
Customer/Patient (net allowance)	35,583	39,515
Total Assets	845,777	825,741
 LIABILITIES		
Current Liabilities		
Vouchers and Accounts Payable	291	2,732
 NET POSITION		
Unrestricted	\$ 845,486	\$ 823,009

**CITY OF HUDSON, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND —
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Intergovernmental		
State Grant	\$ -	\$ 10,502
Other	40,228	48,533
Total Operating Revenues	<u>40,228</u>	<u>59,035</u>
OPERATING EXPENSES		
Operation and Maintenance		
Salaries and Related Costs	3,711	3,314
Other Services and Charges	11,084	32,355
Operating Supplies and Expenses	100	19
Insurance	3,000	3,505
Total Operating Expenses	<u>17,895</u>	<u>39,193</u>
OPERATING INCOME	22,333	19,842
NONOPERATING REVENUES (EXPENSES)		
Investment Income	144	530
Gain/Loss on Sale of Assets	-	1,322
Total Nonoperating Revenues (Expenses)	<u>144</u>	<u>1,852</u>
CHANGE IN NET POSITION	22,477	21,694
Net Position - Beginning of Year	<u>823,009</u>	<u>801,315</u>
NET POSITION - END OF YEAR	<u>\$ 845,486</u>	<u>\$ 823,009</u>

**CITY OF HUDSON, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND —
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers/Patients	\$ 4,432	\$ 46,978
Cash Received from Government Subsidies/Contracts/Grants	39,728	59,035
Cash Payments to Suppliers for Goods and Services	(16,625)	(49,575)
Cash Payments for Employee Services	<u>(3,711)</u>	<u>(4,027)</u>
Net Cash Provided by Operating Activities	23,824	52,411
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received for Salvage of Assets	-	1,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>144</u>	<u>530</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	23,968	54,263
Cash and Cash Equivalents - Beginning of Year	<u>786,226</u>	<u>731,963</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 810,194</u>	<u>\$ 786,226</u>

**CITY OF HUDSON, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND —
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 22,333	\$ 19,842
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Allowance for Customer/Patient Accounts Receivable	-	(117,701)
(Increase) Decrease in Assets:		
Customer/Patient Accounts Receivable	3,932	164,679
Increase (Decrease) in Liabilities:		
Accrued Employee Liabilities	-	(713)
Accounts Payable	(2,441)	(13,696)
Net Cash Provided by Operating Activities	\$ 23,824	\$ 52,411



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