

CITY OF HUDSON, WISCONSIN
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2014

**CITY OF HUDSON, WISCONSIN
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YEAR ENDED DECEMBER 31, 2014**

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

The City Council
City of Hudson
Hudson, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin (City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin as of December 31, 2014, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. 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, 2013 which are not presented with the accompanying financial statements. In our report dated September 16, 2014, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The 2013 individual fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional

The City Council
The City of Hudson

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 individual fund statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Hudson, Wisconsin
August 10, 2015

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

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, 2014. 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, 2014 include the following:

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$89,466,868 (*net position*). Of this amount, \$63,597,097 represented the City's net investment in capital assets, \$6,312,256 was held for restricted purposes, and \$19,557,515 was unrestricted. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position decreased by \$774,961. Net position related to the business-type activities of the City increased \$378,807, while net position related to governmental activities decreased \$1,153,768.
- At the end of 2014, the City's governmental funds reported combined ending fund balances of \$11,246,118, a decrease of \$2,802,122 from the previous year. This decrease was largely attributable to unspent debt proceeds in the capital projects fund in the previous year that were spent in the current year.
- During the year, the general fund balance increased \$586,714. At the end of 2014, the unassigned general fund balance totaled \$4,023,002 or 51.8% of the general fund expenditures and other financing uses. The City has assigned \$253,965 of its general fund balance, which together with the year end unassigned balance, represented 55.1% of general fund expenditures and other financing uses.
- The City's outstanding long-term debt and other long-term obligations decreased by \$1,718,102 during the current fiscal year. The City did not issue any new debt during 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred outflows/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 and the Joint City of Hudson - Village of North Hudson Community Access Board 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, 2014**

The City reports eleven (11) 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 20 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 25 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 30 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 31 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 64 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 67.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

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 exceeded liabilities and deferred inflows by \$89,466,868 at the close of 2014. The largest portion of these nets assets (71%) reflect 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:

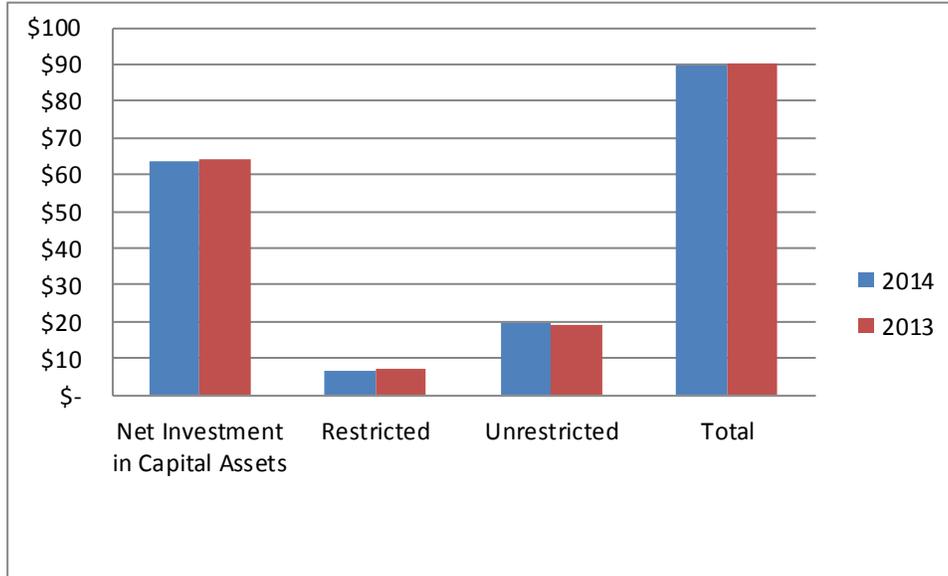
**Condensed Statement of Net Position
December 31, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 19,558,520	\$ 21,924,715	\$ 17,503,418	\$ 17,567,928	\$ 37,061,938	\$ 39,492,643
Capital Assets	45,979,651	45,759,482	29,200,289	28,812,151	75,179,940	74,571,633
Internal Balances	132,538	189,092	(132,538)	(189,092)	-	-
Total Assets	65,670,709	67,873,289	46,571,169	46,190,987	112,241,878	114,064,276
Long-Term Debt Outstanding	11,684,560	13,232,830	1,178,294	1,447,302	12,862,854	14,680,132
Other Long-Term Obligations	1,130,143	1,000,416	-	-	1,130,143	1,000,416
Other Liabilities	814,314	649,707	576,292	305,909	1,390,606	955,616
Total Liabilities	13,629,017	14,882,953	1,754,586	1,753,211	15,383,603	16,636,164
Deferred Inflows of Resources	7,391,407	7,186,283	-	-	7,391,407	7,186,283
Net Position:						
Net Investment in						
Capital Assets	35,329,999	36,273,931	28,267,098	27,635,918	63,597,097	63,909,849
Restricted	3,389,229	4,348,627	2,923,027	2,923,907	6,312,256	7,272,534
Unrestricted	5,931,057	5,181,495	13,626,458	13,877,951	19,557,515	19,059,446
Total Net Position	\$ 44,650,285	\$ 45,804,053	\$ 44,816,583	\$ 44,437,776	\$ 89,466,868	\$ 90,241,829

An additional portion of the City's net position (7%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$19,557,515 of total net position (22%) may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note that \$13,626,458 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, 2014**

The following chart shows the comparison of the three components of net position for the years 2014 and 2013 (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, 2014, shows total net position decreased \$1,153,768 (2.6%) from the prior year. The primary reason is due to depreciation on capital assets.

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, 2014, shows total net position increased \$378,807 (0.8%) from the prior year. The key reason for this increase is due positive investment activity results.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

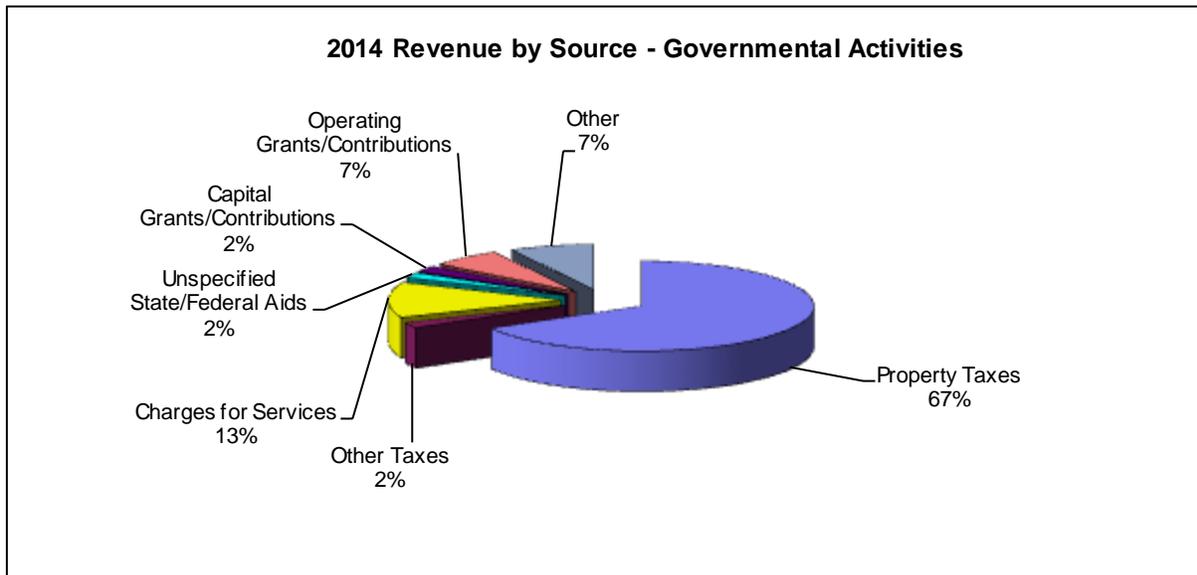
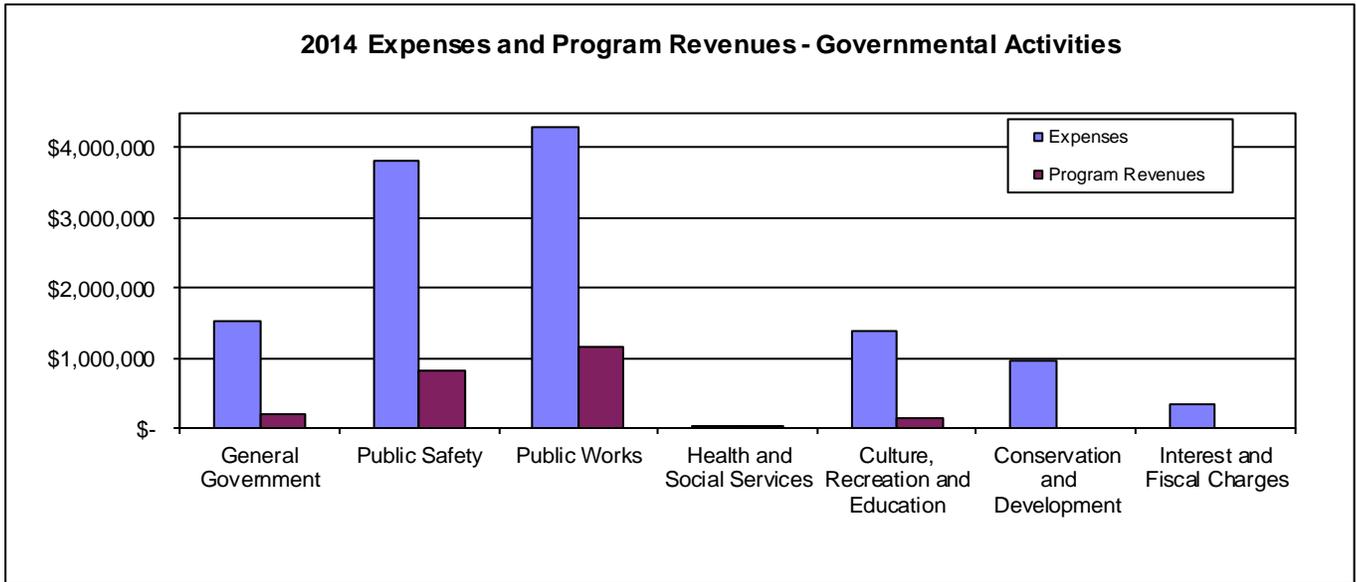
The following is a summary of the changes in the City's net position for the years ended December 31, 2014 and 2013:

**Condensed Statement of Changes in Net Position
December 31, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,370,686	\$ 1,390,536	\$ 5,859,879	\$ 6,055,736	\$ 7,230,565	\$ 7,446,272
Operating Grants and Contributions	711,830	747,557	300	9,700	712,130	757,257
Capital Grants and Contributions	240,378	921,005	225,411	741,008	465,789	1,662,013
General Revenues:						
Property Taxes	7,186,283	6,528,610	-	-	7,186,283	6,528,610
Other Taxes	223,669	204,845	-	-	223,669	204,845
State and Federal Aids not Restricted to Specific Programs	198,880	196,852	-	-	198,880	196,852
Other	845,733	(18,652)	558,093	(312,002)	1,403,826	(330,654)
Total Revenues	10,777,459	9,970,753	6,643,683	6,494,442	17,421,142	16,465,195
Expenses:						
General Government	1,537,345	1,114,656	-	-	1,537,345	1,114,656
Public Safety	3,822,889	3,908,736	-	-	3,822,889	3,908,736
Public Works	4,305,848	4,157,145	-	-	4,305,848	4,157,145
Health and Social Services	16,001	18,898	-	-	16,001	18,898
Culture, Recreation, and Education	1,373,378	1,482,629	-	-	1,373,378	1,482,629
Conservation and Development	970,922	814,083	-	-	970,922	814,083
Interest and Fiscal Charges	347,846	484,797	-	-	347,846	484,797
Water	-	-	2,433,322	2,348,453	2,433,322	2,348,453
Sewage Treatment	-	-	1,950,298	1,874,133	1,950,298	1,874,133
Parking Facility	-	-	45,712	103,893	45,712	103,893
Ambulance Services	-	-	1,392,542	1,350,179	1,392,542	1,350,179
Total Expenses	12,374,229	11,980,944	5,821,874	5,676,658	18,196,103	17,657,602
Change in Net Position before Transfers	(1,596,770)	(2,010,191)	821,809	817,784	(774,961)	(1,192,407)
Transfers	443,002	481,876	(443,002)	(481,876)	-	-
Change in Net Position	(1,153,768)	(1,528,315)	378,807	335,908	(774,961)	(1,192,407)
Net Position - Beginning of Year	45,804,053	47,332,368	44,437,776	44,101,868	90,241,829	91,434,236
Net Position - End of Year	\$ 44,650,285	\$ 45,804,053	\$ 44,816,583	\$ 44,437,776	\$ 89,466,868	\$ 90,241,829

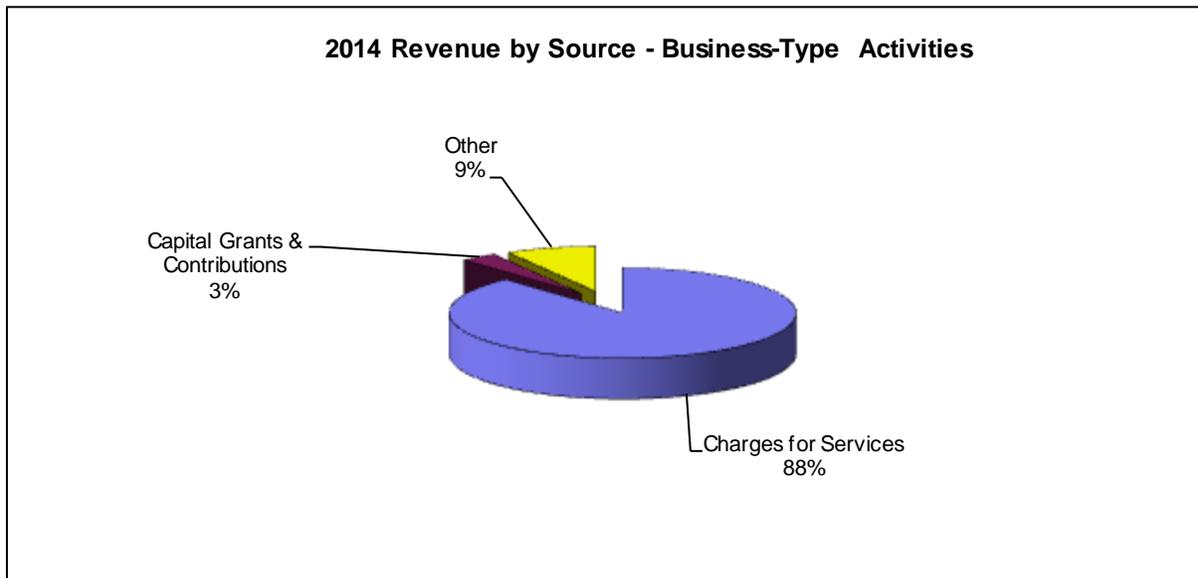
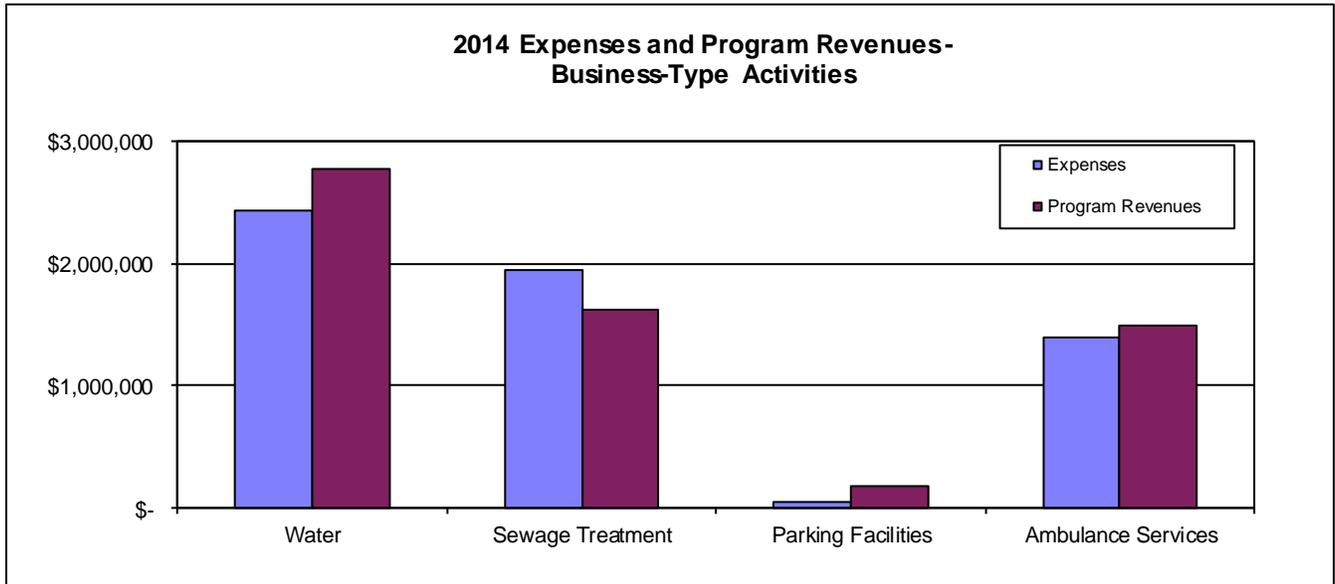
A review of the statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The following charts draw data from the statement of activities.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**



As shown above, the City is highly dependent on property taxes (67%) as its principal source of revenues for governmental activities. Program revenues represent 22% of governmental activities revenue.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**



In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (88%) replace property taxes as the primary revenue. Grants and contributions consist primarily of water plant funded by impact fees collected for that purpose, plant financed directly by developers, and hook-up fees for sewer services.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

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, 2014, the City's governmental funds reported combined ending fund balances of \$11,246,118, a decrease of \$2,802,122 from the previous year, which is primarily a result of unspent debt proceeds in the capital projects fund in the previous year that were spent in 2014. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/2014					Total	Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds:							
General Fund	\$ 162,717	\$ -	\$ -	\$ 253,965	\$ 4,023,002	\$ 4,439,684	\$ 586,714
Impact Fees Fund	-	1,977,003	-	-	-	1,977,003	(945,817)
Debt Service Fund	-	11,349	-	-	-	11,349	(107,226)
Capital Projects Fund	-	1,034,908	1,204,000	-	-	2,238,908	(2,605,202)
Nonmajor Funds:							
Sewer Collection System							
Replacement Fund	-	-	945,440	-	-	945,440	86,084
Parks Dedication Fees Fund	-	457,633	-	-	-	457,633	52,025
Police Donations Fund	-	21,783	-	-	-	21,783	4,653
Police Drug Forfeitures Fund	-	759	-	-	-	759	26
Business Park Revolving Loan Fund	-	528,104	-	-	-	528,104	40,097
Storm Fund	-	-	-	233,975	-	233,975	78,148
Stormwater Fund	-	391,480	-	-	-	391,480	8,376
	<u>\$ 162,717</u>	<u>\$ 4,423,019</u>	<u>\$ 2,149,440</u>	<u>\$ 487,940</u>	<u>\$ 4,023,002</u>	<u>\$ 11,246,118</u>	<u>\$ (2,802,122)</u>

The general fund is the primary operating fund used to account for the governmental operations of the City. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to measures of operating volume such as fund expenditures or fund revenues. The total year-end general fund balance represented 57.2% of total general fund expenditures and other financing uses reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance represented 51.8% of the same amount. The City has assigned \$253,965 of its general fund balance which combined with the year-end unassigned balance (\$4,276,967), represented 55.1% of that same amount.

The general fund's total fund balance increased \$586,714 during the year, which is primarily due to a better return on investments in the current year, along with many expenditure lines ending up under budget.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

The impact fees fund, a special revenue fund, had a balance of \$1,977,003 at December 31, 2014. 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 2014, the City refunded \$696,708 of impact fees that had not been expended within the time limit.

The debt service fund had a fund balance of \$11,349 at December 31, 2014. This is a decrease of \$107,226 from prior year due to the prior year increasing from an underwriter's premium received on the issuance of bonds. This amount was applied against principal and interest payments in the current year.

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 at December 31, 2014 and changes during the year are shown by the individual internal projects in supplementary Schedule C-1.

The aggregated other governmental funds column includes various special revenue funds used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The accumulated fund balances of these funds increased \$269,409 during 2014. 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, 2014**

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 2014 totaled \$44,816,583, up \$378,807 from the previous year.

**Condensed Statement of Changes in Net Position for Enterprise Funds
Years Ended December 31, 2014 and 2013**

	Water Utility		Sewer Utility		Parking Utility		Ambulance Service		Totals	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Operating Revenues	\$ 2,696,320	\$ 2,775,020	\$ 1,481,068	\$ 1,545,269	\$ 181,939	\$ 212,023	\$ 1,500,552	\$ 1,523,424	\$ 5,859,879	\$ 6,055,736
Operating Expenses:										
Depreciation	761,414	727,215	369,141	340,885	35,599	25,048	64,706	60,745	1,230,860	1,153,893
Other	1,671,908	1,621,238	1,581,301	1,494,578	80,113	78,845	1,322,937	1,282,865	4,656,259	4,477,526
Operating Income (Loss)	262,998	426,567	(469,374)	(290,194)	66,227	108,130	112,909	179,814	(27,240)	424,317
Nonoperating										
Revenues (Expenses)	267,965	(156,297)	415,292	57,311	84,797	(8,394)	4,437	684	772,491	(106,696)
Net Income (Loss)										
Before Contributions and Transfers	530,963	270,270	(54,082)	(232,883)	151,024	99,736	117,346	180,498	745,251	317,621
Capital Contributions	76,558	500,163	-	-	-	-	-	-	76,558	500,163
Transfers to Other										
Funds	(385,948)	(424,804)	(57,054)	(57,072)	-	-	-	-	(443,002)	(481,876)
Changes in Net Position	221,573	345,629	(111,136)	(289,955)	151,024	99,736	117,346	180,498	378,807	335,908
Net Position -										
Beginning of Year	30,144,477	29,798,848	11,995,497	12,285,452	1,493,679	1,393,943	804,123	623,625	44,437,776	44,101,868
Net Position - End of Year	\$ 30,366,050	\$ 30,144,477	\$ 11,884,361	\$ 11,995,497	\$ 1,644,703	\$ 1,493,679	\$ 921,469	\$ 804,123	\$ 44,816,583	\$ 44,437,776

The water utility had operating income of \$262,998 in 2014. The utility also provides services to residents of the Village of North Hudson. Utility rates have not been subject to an overall adjustment since 1996.

The sewer utility incurred an operating loss of \$469,374 in 2014 and had an overall negative change in net position of \$111,136 for the year. The utility also provides services to residents of the Village of North Hudson. The City increased its sewer user rates as of January 1, 2009 to address the operating losses in this fund.

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

The ambulance service fund is used to account for operations of the City's emergency medical services department (St. Croix EMS & Rescue). The City also provides EMS services to other local units of government on a contracted basis.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Budgetary Comparison Schedule* for the general fund (in required supplementary information), the final 2014 general fund budget was modified by the City Council. The general fund balance increased during 2014 by \$586,714, which was a \$625,437 favorable variance from the final budget. The City ended the year with a favorable variance between actual amounts and budget amounts for both revenues and expenditures of \$162,774 (2.1%) and \$463,259 (5.6%), respectively.

The favorable revenue variance is mainly due to an increase on the return on investments.

The favorable expenditure variance is due to a number of expenditure accounts being under budget. The City's contingency/special projects was under budget by \$60,741, Criminal Investigation was under budget by \$52,067, Police Patrol was under budget by \$34,841, Fire Department (including capital outlays) was under budget by \$112,224, and Building Inspection was under budget by \$33,130. These departments were under budget mainly due to full-time positions that were vacant for all or portions of the year. Overall, related personal service expenditures were \$266,000 under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014 and 2013 was as shown below:

**Capital Assets, Net of Accumulated Depreciation
December 31, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Not Subject to Depreciation:						
Land and Land Rights	\$ 8,721,116	\$ 8,730,710	\$ 1,027,280	\$ 1,027,280	\$ 9,748,396	\$ 9,757,990
Construction Work in Progress	399,306	79,205	971,318	961,490	1,370,624	1,040,695
Subject to Depreciation:						
Buildings and Improvements	6,412,561	6,309,931	-	-	6,412,561	6,309,931
Land Improvements	2,464,414	2,470,253	-	-	2,464,414	2,470,253
Equipment and Vehicles	6,428,429	6,083,154	-	-	6,428,429	6,083,154
Infrastructure	84,017,765	82,164,353	-	-	84,017,765	82,164,353
Water System Plant	-	-	32,076,926	31,160,716	32,076,926	31,160,716
Sewage Treatment Plant	-	-	12,202,666	12,124,397	12,202,666	12,124,397
Parking Utility	-	-	1,033,788	604,626	1,033,788	604,626
Ambulance Service	-	-	801,698	762,637	801,698	762,637
Subtotal	108,443,591	105,837,606	48,113,676	46,641,146	156,557,267	152,478,752
Accumulated Depreciation	62,463,940	60,078,124	18,913,387	17,828,995	81,377,327	77,907,119
	<u>\$ 45,979,651</u>	<u>\$ 45,759,482</u>	<u>\$ 29,200,289</u>	<u>\$ 28,812,151</u>	<u>\$ 75,179,940</u>	<u>\$ 74,571,633</u>

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

Capital Assets (Continued)

The additions to the City's capital assets during 2014 can be summarized as follows: *(in thousands)*

- Utility Infrastructure \$1,612.2
- City Infrastructure (including stormwater) 1,853.4
- General Equipment and Vehicles 570.7

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, 2014, the City had outstanding \$13,732,014 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, 2014 and 2013**

	Governmental Activities	Business-Type Activities	Outstanding 2014	Outstanding 2013	% Change
Long-Term Debt:					
General Obligation Debt	\$ 11,500,464	\$ -	\$ 11,500,464	\$ 13,018,986	-11.7
Unamortized Debt Discount	(4,829)	-	(4,829)	(6,003)	-19.6
Unamortized Debt Premium	188,925	-	188,925	219,847	-14.1
Sewer Revenue Bonds	-	917,311	917,311	1,216,870	-24.6
Subtotal	11,684,560	917,311	12,601,871	14,449,700	-12.8
Other Long-Term Obligations:					
Estimated Employee Leave	333,598	104,926	438,524	427,915	2.5
Other Postemployment Benefit Liabilities	535,562	156,057	691,619	572,501	20.8
Total	<u>\$ 12,553,720</u>	<u>\$ 1,178,294</u>	<u>\$ 13,732,014</u>	<u>\$ 15,450,116</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, 2014 totaled \$11,500,464, approximately 14% of the maximum legal limit of \$79,377,565.

The City did not issue any new debt in 2014.

Additional information related to the City's long-term debt and other postemployment benefit (OPEB) liability is reported in Note 3.E and Note 4.C, respectively, following the financial statements.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

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, 2014**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Joint Library	Community Access Board
ASSETS					
Cash and Investments	\$ 12,119,226	\$ 12,854,342	\$ 24,973,568	\$ 293,028	\$ 865,591
Taxes Receivable	7,093,137	151,287	7,244,424	-	-
Special Assessments Receivable	8,571	-	8,571	-	-
Specials and Delinquents Held by County	11,471	-	11,471	-	-
Accounts Receivable	227,546	1,341,209	1,568,755	168	51,714
Due from Other Governmental Units	62,767	62,115	124,882	-	-
Long-Term Receivables	12,467	137,868	150,335	-	-
Prepayments	23,335	-	23,335	3,744	-
Inventories	-	29,766	29,766	-	-
Internal Balances	132,538	(132,538)	-	-	-
Restricted Assets:					
Cash and Investments	-	2,926,831	2,926,831	-	-
Capital Assets:					
Capital Assets Not Being Depreciated	9,120,422	1,998,598	11,119,020	-	-
Capital Assets Being Depreciated	99,323,169	46,115,078	145,438,247	1,173,828	135,669
Accumulated Depreciation	(62,463,940)	(18,913,387)	(81,377,327)	(169,961)	(78,645)
Total Assets	<u>65,670,709</u>	<u>46,571,169</u>	<u>112,241,878</u>	<u>1,300,807</u>	<u>974,329</u>
LIABILITIES					
Vouchers and Accounts Payable	374,327	429,650	803,977	4,199	408
Construction Contracts Payable	251,982	-	251,982	-	-
Accrued Interest Payable	63,089	4,421	67,510	-	-
Payroll Withholdings	55,861	-	55,861	-	-
Accrued Wages	156,619	74,607	231,226	15,720	3,640
Due to Other Governmental Units	20,741	36,063	56,804	37	-
Unearned Revenues	3,929	31,426	35,355	-	-
Special Deposits	148,749	-	148,749	-	-
Security Deposit	-	125	125	-	-
Noncurrent Liabilities:					
Amounts Due Within One Year	1,769,062	413,388	2,182,450	26,772	7,798
Amounts Due in More than One Year	10,784,658	764,906	11,549,564	28,933	9,500
Total Liabilities	<u>13,629,017</u>	<u>1,754,586</u>	<u>15,383,603</u>	<u>75,661</u>	<u>21,346</u>
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year's Property Taxes	7,391,407	-	7,391,407	-	-
NET POSITION					
Net Investment in Capital Assets	35,329,999	28,267,098	63,597,097	948,162	39,726
Restricted for:					
Debt Service	-	341,998	341,998	-	-
Asset Replacement	-	1,793,909	1,793,909	-	-
Capital Projects	2,434,636	-	2,434,636	-	-
Economic Development Loan Programs	540,571	-	540,571	-	-
Other Purposes	414,022	787,120	1,201,142	276,984	913,257
Unrestricted	<u>5,931,057</u>	<u>13,626,458</u>	<u>19,557,515</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 44,650,285</u>	<u>\$ 44,816,583</u>	<u>\$ 89,466,868</u>	<u>\$ 1,225,146</u>	<u>\$ 952,983</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Totals	Joint Library	Community Access Board
Primary Government:									
Governmental Activities:									
General Government	\$ 1,537,345	\$ 191,797	\$ -	\$ -	\$ (1,345,548)	\$ -	\$ (1,345,548)	\$ -	\$ -
Public Safety	3,822,889	723,238	79,179	6,810	(3,013,662)	-	(3,013,662)	-	-
Public Works	4,305,848	369,414	556,648	233,568	(3,146,218)	-	(3,146,218)	-	-
Health and Social Services	16,001	4,284	-	-	(11,717)	-	(11,717)	-	-
Culture, Recreation and Education	1,373,378	81,953	76,003	-	(1,215,422)	-	(1,215,422)	-	-
Conservation and Development	970,922	-	-	-	(970,922)	-	(970,922)	-	-
Interest and Fiscal Charges	347,846	-	-	-	(347,846)	-	(347,846)	-	-
Total Governmental Activities	<u>12,374,229</u>	<u>1,370,686</u>	<u>711,830</u>	<u>240,378</u>	<u>(10,051,335)</u>	<u>-</u>	<u>(10,051,335)</u>	<u>-</u>	<u>-</u>
Business-Type Activities:									
Water	2,433,322	2,696,320	-	76,558	-	339,556	339,556	-	-
Sewage Treatment	1,950,298	1,481,068	-	148,853	-	(320,377)	(320,377)	-	-
Parking Facilities	45,712	181,939	-	-	-	136,227	136,227	-	-
Ambulance Services	1,392,542	1,500,552	300	-	-	108,310	108,310	-	-
Total Business-Type Activities	<u>5,821,874</u>	<u>5,859,879</u>	<u>300</u>	<u>225,411</u>	<u>-</u>	<u>263,716</u>	<u>263,716</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 18,196,103</u>	<u>\$ 7,230,565</u>	<u>\$ 712,130</u>	<u>\$ 465,789</u>	<u>(10,051,335)</u>	<u>263,716</u>	<u>(9,787,619)</u>	<u>-</u>	<u>-</u>
Component Units:									
Joint Library	\$ 838,622	\$ 492,218	\$ 295,000	\$ -	-	-	-	(51,404)	-
Community Access Board	162,771	222,359	-	-	-	-	-	-	59,588
Total Component Units	<u>\$ 1,001,393</u>	<u>\$ 714,577</u>	<u>\$ 295,000</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,404)</u>	<u>59,588</u>
General Revenues:									
Taxes:									
Property Taxes, Levied for General Purposes					5,410,355	-	5,410,355	-	-
Property Taxes, Levied for Debt Purposes					1,775,928	-	1,775,928	-	-
Other Taxes					223,669	-	223,669	-	-
State and Federal Aids not Restricted to Specific Functions					198,880	-	198,880	-	-
Interest and Investment Earnings					525,811	552,598	1,078,409	9,966	27,270
Other Interest Revenue					1,020	5,495	6,515	-	-
Miscellaneous					318,902	-	318,902	72,454	1,937
Transfers					443,002	(443,002)	-	-	-
Total General Revenues and Transfers					<u>8,897,567</u>	<u>115,091</u>	<u>9,012,658</u>	<u>82,420</u>	<u>29,207</u>
Change in Net Position					<u>(1,153,768)</u>	<u>378,807</u>	<u>(774,961)</u>	<u>31,016</u>	<u>88,795</u>
Net Position - Beginning of Year					<u>45,804,053</u>	<u>44,437,776</u>	<u>90,241,829</u>	<u>1,194,130</u>	<u>864,188</u>
Net Position - End of Year					<u>\$ 44,650,285</u>	<u>\$ 44,816,583</u>	<u>\$ 89,466,868</u>	<u>\$ 1,225,146</u>	<u>\$ 952,983</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
ASSETS						
Treasurer's Cash and Investments	\$ 4,956,279	\$ 2,177,546	\$ 11,349	\$ 2,471,666	\$ 2,502,386	\$ 12,119,226
Taxes Receivable	5,288,802	-	1,784,819	19,516	-	7,093,137
Special Assessments Receivable	-	-	-	8,571	-	8,571
Specials and Delinquents Held by County	-	-	-	11,471	-	11,471
Accounts Receivable	128,867	-	-	325	98,354	227,546
Due from Other Governments	59,861	-	-	-	2,906	62,767
Advances to Other Funds	132,538	-	-	-	-	132,538
Prepayments	23,335	-	-	-	-	23,335
Long-Term Loans Receivables	-	-	-	-	12,467	12,467
Total Assets	\$ 10,589,682	\$ 2,177,546	\$ 1,796,168	\$ 2,511,549	\$ 2,616,113	\$ 19,691,058
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Vouchers and Accounts Payable	\$ 171,945	\$ 174,573	\$ -	\$ 3,428	\$ 24,381	\$ 374,327
Construction Contracts Payable	-	14,785	-	237,197	-	251,982
Payroll Withholdings	55,861	-	-	-	-	55,861
Accrued Wages	156,528	-	-	-	91	156,619
Due Other Governmental Units	20,741	-	-	-	-	20,741
Unearned Revenues	-	-	-	3,929	-	3,929
Special Deposits	137,564	11,185	-	-	-	148,749
Total Liabilities	542,639	200,543	-	244,554	24,472	1,012,208
Deferred Inflows of Resources:						
Subsequent Year's Property Taxes	5,606,588	-	1,784,819	-	-	7,391,407
Unavailable Revenues - Special Assessments	-	-	-	28,087	-	28,087
Unavailable Revenues - Loans Receivable	-	-	-	-	12,467	12,467
Unavailable Revenues - Other	771	-	-	-	-	771
Total Deferred Inflows of Resources	5,607,359	-	1,784,819	28,087	12,467	7,432,732
Fund Balances:						
Nonspendable	162,717	-	-	-	-	162,717
Restricted	-	1,977,003	11,349	1,034,908	1,399,759	4,423,019
Committed	-	-	-	1,204,000	945,440	2,149,440
Assigned	253,965	-	-	-	233,975	487,940
Unassigned	4,023,002	-	-	-	-	4,023,002
Total Fund Balances	4,439,684	1,977,003	11,349	2,238,908	2,579,174	11,246,118
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,589,682	\$ 2,177,546	\$ 1,796,168	\$ 2,511,549	\$ 2,616,113	\$ 19,691,058

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, 2014**

Total Fund Balances - Governmental Funds \$ 11,246,118

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	\$ 8,721,116	
Construction Work in Progress	399,306	
Land Improvements	2,464,414	
Buildings and Improvements	6,412,561	
Machinery/Equipment	6,428,429	
Infrastructure	84,017,765	
Accumulated Depreciation	<u>(62,463,940)</u>	45,979,651

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 41,325

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	11,500,464	
Accrued Interest on Long-Term Debt	63,089	
Employee Leave Liability	333,598	
Postemployment Benefits (OPEB) Liability	<u>535,562</u>	(12,432,713)

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	(188,925)	
Unamortized Debt Discount	<u>4,829</u>	<u>(184,096)</u>

Net Position of Governmental Activities \$ 44,650,285

CITY OF HUDSON, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
REVENUES:						
Taxes	\$ 5,634,024	\$ -	\$ 1,775,928	\$ -	\$ -	\$ 7,409,952
Special Assessments	-	-	-	38,919	-	38,919
Intergovernmental	838,333	-	-	32,212	128,448	998,993
Licenses and Permits	286,652	7,083	-	-	-	293,735
Fines and Forfeits	126,496	-	-	-	-	126,496
Public Charges for Services	99,846	-	-	-	359,971	459,817
Intergovernmental Charges for Services	492,088	-	-	-	-	492,088
Miscellaneous:						
Interest	216,794	107,461	6,543	123,942	72,838	527,578
Rent	134,555	-	-	-	-	134,555
Donations	220	-	-	-	-	220
Other	49,643	-	-	9,604	101,347	160,594
Total Revenues	<u>7,878,651</u>	<u>114,544</u>	<u>1,782,471</u>	<u>204,677</u>	<u>662,604</u>	<u>10,642,947</u>
EXPENDITURES:						
General Government	1,459,783	-	-	-	-	1,459,783
Public Safety	3,762,591	-	-	-	14,162	3,776,753
Transportation Facilities	1,440,086	-	-	-	280,315	1,720,401
Sanitation	19,896	-	-	-	-	19,896
Health and Social Services	15,691	-	-	-	-	15,691
Culture, Recreation and Education	824,990	-	-	-	25,802	850,792
Conservation and Development:						
General Operations	233,956	-	-	-	-	233,956
Refunds	-	696,708	-	-	-	696,708
Capital Outlay	-	358,020	-	2,980,353	-	3,338,373
Debt Service:						
Principal Retirement	-	-	1,518,522	-	-	1,518,522
Interest and Fiscal Charges	-	-	381,341	-	-	381,341
Total Expenditures	<u>7,756,993</u>	<u>1,054,728</u>	<u>1,899,863</u>	<u>2,980,353</u>	<u>320,279</u>	<u>14,012,216</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, 2014

	Major Funds			Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 121,658	\$ (940,184)	\$ (117,392)	\$ 342,325	\$ (3,369,269)
OTHER FINANCING SOURCES (USES):					
Proceeds from Sale of Property	33,054	-	-	-	33,054
Insurance Recoveries	-	-	-	91,091	91,091
Transfers In	443,002	-	10,166	32,389	564,940
Transfers Out	(11,000)	(5,633)	-	(105,305)	(121,938)
Total Other Financing Sources (Uses)	465,056	(5,633)	10,166	(72,916)	567,147
NET CHANGE IN FUND BALANCES	586,714	(945,817)	(107,226)	269,409	(2,802,122)
Fund Balances, January 1	3,852,970	2,922,820	118,575	2,309,765	14,048,240
FUND BALANCES, DECEMBER 31	<u>\$ 4,439,684</u>	<u>\$ 1,977,003</u>	<u>\$ 11,349</u>	<u>\$ 2,579,174</u>	<u>\$ 11,246,118</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, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ (2,802,122)

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

Capital outlays are reported as expenditures in governmental funds. However, 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	\$ 3,024,664	
Depreciation Expense Reported in the Statement of Activities	<u>(2,737,630)</u>	287,034

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. (66,865)

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. (24,656)

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		1,518,522
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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	3,747	
Amortization of Debt Premium	30,922	
Amortization of Debt Discount	(1,174)	
Net Change in Accrued Employee Leave	(9,863)	
Net Change in OPEB Liability	<u>(89,313)</u>	<u>(65,681)</u>

Change in Net Position of Governmental Activities \$ (1,153,768)

**CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
ASSETS					
Current Assets:					
Cash and Investments	\$ 7,056,694	\$ 4,896,288	\$ 347,815	\$ 553,545	\$ 12,854,342
Accounts Receivable:					
Customer/Patient	601,416	390,037	6,918	334,253	1,332,624
Accounts Receivable on Tax Roll	79,208	63,198	8,881	-	151,287
Allowance for Doubtful Accounts	-	-	-	(89,812)	(89,812)
Other	14,918	21,310	62,169	-	98,397
Due from Other Governmental Units:					
Current Portion of Biosolids Advances	-	117,892	-	-	117,892
Other	30,039	32,076	-	-	62,115
Inventories	29,766	-	-	-	29,766
Total Current Assets	<u>7,812,041</u>	<u>5,520,801</u>	<u>425,783</u>	<u>797,986</u>	<u>14,556,611</u>
Restricted Assets:					
Cash and Investments:					
Debt Service/Asset Replacement	-	2,139,711	-	-	2,139,711
Carmichael Impact Assessments	787,120	-	-	-	787,120
Total Restricted Assets	<u>787,120</u>	<u>2,139,711</u>	<u>-</u>	<u>-</u>	<u>2,926,831</u>
Capital Assets:					
Property and Plant in Service	32,213,788	12,332,522	1,794,350	801,698	47,142,358
Accumulated Provision for Depreciation	11,109,795	6,987,488	372,391	443,713	18,913,387
Net Utility Plant in Service	21,103,993	5,345,034	1,421,959	357,985	28,228,971
Construction Work in Progress	971,318	-	-	-	971,318
Total Capital Assets	<u>22,075,311</u>	<u>5,345,034</u>	<u>1,421,959</u>	<u>357,985</u>	<u>29,200,289</u>
Other Assets:					
Advances to Biosolids Facility	-	19,976	-	-	19,976
Total Assets	<u>\$ 30,674,472</u>	<u>\$ 13,025,522</u>	<u>\$ 1,847,742</u>	<u>\$ 1,155,971</u>	<u>\$ 46,703,707</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2014**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
LIABILITIES					
Current Liabilities:					
Vouchers and Accounts Payable	\$ 123,813	\$ 82,147	\$ 199,477	\$ 24,213	\$ 429,650
Due to Other Governmental Units	14,534	21,529	-	-	36,063
Accrued Interest Payable	-	617	-	-	617
Accrued Employee Liabilities	58,262	29,314	-	17,350	104,926
Accrued Wages	30,320	23,346	2,837	18,104	74,607
Advances from Other Funds	-	-	-	58,274	58,274
Unearned Revenue	3,709	19,976	600	7,141	31,426
Security Deposit	-	-	125	-	125
Current Portion of Revenue Bonds	-	116,658	-	-	116,658
Total Current Liabilities	<u>230,638</u>	<u>293,587</u>	<u>203,039</u>	<u>125,082</u>	<u>852,346</u>
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	-	3,804	-	-	3,804
Current Portion of Revenue Bonds	-	191,804	-	-	191,804
Total Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>195,608</u>	<u>-</u>	<u>-</u>	<u>195,608</u>
Long-Term Liabilities (Less Current Portion):					
Advances from Other Funds	-	-	-	74,264	74,264
Other Postemployment Benefits Payable	77,784	43,117	-	35,156	156,057
Mortgage Revenue Bonds	-	608,849	-	-	608,849
Total Long-Term Liabilities	<u>77,784</u>	<u>651,966</u>	<u>-</u>	<u>109,420</u>	<u>839,170</u>
Total Liabilities	<u>308,422</u>	<u>1,141,161</u>	<u>203,039</u>	<u>234,502</u>	<u>1,887,124</u>
NET POSITION					
Net Investment in Capital Assets	22,075,311	4,544,381	1,421,959	225,447	28,267,098
Restricted for:					
Debt Service	-	341,998	-	-	341,998
Impact Assessments	787,120	-	-	-	787,120
Asset Replacement	-	1,793,909	-	-	1,793,909
Unrestricted	7,503,619	5,204,073	222,744	696,022	13,626,458
Total Net Position	<u>30,366,050</u>	<u>11,884,361</u>	<u>1,644,703</u>	<u>921,469</u>	<u>44,816,583</u>
Total Liabilities and Net Position	<u>\$ 30,674,472</u>	<u>\$ 13,025,522</u>	<u>\$ 1,847,742</u>	<u>\$ 1,155,971</u>	<u>\$ 46,703,707</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, 2014

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
OPERATING REVENUES:					
Charges for Services	\$ 2,228,973	\$ 1,453,434	\$ 176,862	\$ 1,141,888	\$ 5,001,157
Intergovernmental Contracts	-	-	-	351,546	351,546
Grants and Subsidies	-	-	-	6,486	6,486
Other	467,347	27,634	5,077	632	500,690
Total Operating Revenues	<u>2,696,320</u>	<u>1,481,068</u>	<u>181,939</u>	<u>1,500,552</u>	<u>5,859,879</u>
OPERATING EXPENSES:					
Operation and Maintenance	1,671,908	1,581,301	80,113	1,322,937	4,656,259
Depreciation	761,414	369,141	35,599	64,706	1,230,860
Total Operating Expenses	<u>2,433,322</u>	<u>1,950,442</u>	<u>115,712</u>	<u>1,387,643</u>	<u>5,887,119</u>
OPERATING INCOME (LOSS)	<u>262,998</u>	<u>(469,374)</u>	<u>66,227</u>	<u>112,909</u>	<u>(27,240)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment Earnings	267,965	260,800	14,797	9,036	552,598
Other Interest Income	-	5,495	-	-	5,495
Hook-up Fees	-	148,853	-	-	148,853
Donations/Other	-	-	-	300	300
Sale of Land	-	29,640	-	-	29,640
Interest Expense	-	(29,496)	70,000	(4,899)	35,605
Total Nonoperating Revenues (Expenses)	<u>267,965</u>	<u>415,292</u>	<u>84,797</u>	<u>4,437</u>	<u>772,491</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	530,963	(54,082)	151,024	117,346	745,251
CAPITAL CONTRIBUTIONS:					
Impact Fees Applied	76,558	-	-	-	76,558
TRANSFERS:					
Transfer to General Fund	<u>(385,948)</u>	<u>(57,054)</u>	<u>-</u>	<u>-</u>	<u>(443,002)</u>
CHANGE IN NET POSITION	221,573	(111,136)	151,024	117,346	378,807
Net Position, January 1	<u>30,144,477</u>	<u>11,995,497</u>	<u>1,493,679</u>	<u>804,123</u>	<u>44,437,776</u>
NET POSITION, DECEMBER 31	<u>\$ 30,366,050</u>	<u>\$ 11,884,361</u>	<u>\$ 1,644,703</u>	<u>\$ 921,469</u>	<u>\$ 44,816,583</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	Business-Type Activities-Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 1,865,181	\$ 1,538,227	\$ 120,106	\$ 1,070,210	\$ 4,593,724
Cash Received for Public Fire Protection	696,711	-	-	-	696,711
Cash Received (Paid) for Sewer Share of Meter Related Expense	180,763	(180,810)	-	-	(47)
Cash Received from Government Subsidies/ Contracts/Grants	-	7,053	-	359,319	366,372
Cash Received from Parking Forfeitures	-	-	55,147	-	55,147
Cash Paid for City/Village Surcharges	-	(72,421)	-	-	(72,421)
Cash Payments to Suppliers for Goods and Services	(711,353)	(671,711)	(7,100)	(450,741)	(1,840,905)
Cash Payments for Employee Services	(902,492)	(667,342)	(52,749)	(847,036)	(2,469,619)
Net Cash Provided by (Used for) Operating Activities	<u>1,128,810</u>	<u>(47,004)</u>	<u>115,404</u>	<u>131,752</u>	<u>1,328,962</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash Donations Received	-	-	-	300	300
Cash Payments of Tax Equivalent to General Fund	(385,948)	(57,054)	-	-	(443,002)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(385,948)</u>	<u>(57,054)</u>	<u>-</u>	<u>300</u>	<u>(442,702)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Cash Payments for Capital Assets	(1,044,869)	(78,269)	(252,722)	(39,061)	(1,414,921)
Cash Paid for Removal of Capital Assets	(27,637)	-	-	-	(27,637)
Cash Received for Land Sales	-	29,640	-	-	29,640
Cash Received for Hook-up Fees	-	148,853	-	-	148,853
Cash Received for Impact Fees	76,558	-	-	-	76,558
Cash Paid for Principal on Interfund Advance	-	-	-	(56,554)	(56,554)
Cash Paid for Interest on Interfund Advance	-	-	-	(4,899)	(4,899)
Principal Paid on Long-Term Debt	-	(186,488)	-	-	(186,488)
Interest Paid on Long-Term Debt	-	(25,505)	-	-	(25,505)
Net Cash Used for Capital and Related Financing Activities	<u>(995,948)</u>	<u>(111,769)</u>	<u>(252,722)</u>	<u>(100,514)</u>	<u>(1,460,953)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Earnings on Investments	<u>267,965</u>	<u>260,800</u>	<u>14,797</u>	<u>9,036</u>	<u>552,598</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>14,879</u>	<u>44,973</u>	<u>(122,521)</u>	<u>40,574</u>	<u>(22,095)</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>7,828,935</u>	<u>6,991,026</u>	<u>470,336</u>	<u>512,971</u>	<u>15,803,268</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 7,843,814</u>	<u>\$ 7,035,999</u>	<u>\$ 347,815</u>	<u>\$ 553,545</u>	<u>\$ 15,781,173</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	Business-Type Activities-Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 262,998	\$ (469,374)	\$ 66,227	\$ 112,909	\$ (27,240)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	761,414	369,141	35,599	64,706	1,230,860
(Increase) Decrease in Assets:					
Customer/Patient Accounts Receivable	16,783	5,667	(6,236)	(49,916)	(33,702)
Accounts Receivable on Tax Roll	1,240	4,672	-	-	5,912
Other Accounts Receivable	10,736	(13,831)	(1,050)	-	(4,145)
Allowance for Uncollectible Accounts	-	-	-	(16,505)	(16,505)
Due from Other Governments	6,314	(3,514)	-	-	2,800
Inventories	1,503	-	-	-	1,503
Increase (Decrease) in Liabilities:					
Accounts Payable	42,719	54,781	19,201	2,421	119,122
Special Deposits	11,560	-	600	-	12,160
Accrued Wages	3,752	3,553	1,063	-	8,368
Accrued Employee Liabilities	11,484	3,104	-	17,482	32,070
Unearned Revenues	(298)	-	-	655	357
Due to Other Governmental Units	(1,395)	(1,203)	-	-	(2,598)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,128,810</u>	<u>\$ (47,004)</u>	<u>\$ 115,404</u>	<u>\$ 131,752</u>	<u>\$ 1,328,962</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:					
Cash and Investments per Statement of Net Position:					
Cash and Investments	\$ 7,056,694	\$ 4,896,288	\$ 347,815	\$ 553,545	\$ 12,854,342
Cash and Investments - Restricted	787,120	2,139,711	-	-	2,926,831
Cash and Cash Equivalents	<u>\$ 7,843,814</u>	<u>\$ 7,035,999</u>	<u>\$ 347,815</u>	<u>\$ 553,545</u>	<u>\$ 15,781,173</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
Long-Term Debt Paid Directly by Biosolids Facility:					
Principal Repaid	\$ -	\$ 113,071	\$ -	\$ -	\$ 113,071
Interest Paid	-	5,495	-	-	5,495

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 920,462
Taxes Receivable	<u>20,012,734</u>
Total Assets	<u><u>\$ 20,933,196</u></u>
LIABILITIES	
Accounts Payable	\$ 4,984
Due Other Governmental Units:	
State	269,417
County	6,048,528
School District	14,035,371
Technical College	<u>574,896</u>
Total Liabilities	<u><u>\$ 20,933,196</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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 – 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.

Discretely Presented Component Unit – Community Access Board. In 1981, the City along with the Village of North Hudson, established the City of Hudson – Village of North Hudson Cable Communications Board, later renamed the Hudson/North Hudson Community Access Board, to jointly enforce a single non-exclusive cable communications franchise for the City and the Village. The Board is governed by a seven-member board with three members representing the City, three representing the Village, and one representing the School District of Hudson Board of Education. The City of Hudson is deemed to be the fiscal agent of the Board.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Unit – Community Access Board (Continued).

Employees of the Board are employees of the City of Hudson and are reported under the City's federal and state employer identification numbers.

Other Entity – 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 with one director appointed by the City, one by Xcel Energy (formerly Northern States Power Company), and one by the Hudson Area Development Corporation. The Business Park is not considered to be a component unit of the City's reporting entity and, accordingly, transactions of the Business Park are not included in the City's financial statements. In 2015, Xcel Energy abandoned its interest in the Business Park. As a result of this, the City now appoints 2 of the 3 directors on the board and the third member is appointed by the other two members. The members will serve an indefinite term or until replaced by their appointing body. Due to these changes, in 2015 the Business Park will be reported as a blended component unit.

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

B. Government-Wide and Fund Financial Statements

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

Government-Wide Statements

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

CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund balance, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

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

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

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

The City reports the following major enterprise funds:

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

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

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

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

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

Additionally, the City reports the following fiduciary fund:

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

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary 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. Agency funds do not have a measurement focus.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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.

CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables

Property Taxes. Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. The resulting tax roll is recorded as receivable by the City at year end with amounts due other governmental units recorded as liabilities in the agency fund. Since City property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted therefore.

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

Special Assessments. Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. City policy requires payment if \$500 or less, in which most fall into this range. Unavailable special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2014 tax roll are recognized as revenue in 2015.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets

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

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

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

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

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

6. Deferred Outflows of Resources

The City would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. No deferred outflows of resources are reported in these financial statements in the current year.

CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 does not have deferred inflows of resources to report in its proprietary fund financial statements in the current year.

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

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 in accordance with GASB 45.

10. 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.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Long-Term Obligations/Conduit Debt (Continued)

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, 2014 for the Hudson Hockey Association totaling \$1,108,911.

11. 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.

12. 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.

13. Equity Classifications

Fund equity, representing the difference between assets, liabilities, and deferred outflows/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 their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Equity Classifications (Continued)

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

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 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in governmental fund financial statements and the government-wide financial statements, certain financial transactions are treated differently. Reconciliations of governmental fund balances and changes thereto to the net position and revenues/expenses shown in government-wide financial statements are presented in page 21 and page 24, respectively.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2014 are shown in the financial statements as follows:

Governmental Funds	\$ 12,119,226
Proprietary Funds	15,781,173
Fiduciary Funds	920,462
	<u>\$ 28,820,861</u>

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 8,097,272
Deposits in State Local Government Pooled-Investment Fund	1,295,575
Investments in Federal Agency Issuances	20,504,063
Investments in Money Market Account	81,320
Petty Cash	1,250
Total Cash and Investments	<u>29,979,480</u>
Less Amount Allocated to Component Units	<u>(1,158,619)</u>
	<u>\$ 28,820,861</u>

Deposits at Financial Institutions

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

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City's deposits may not be returned. At December 31, 2014, the City's deposits were not exposed to significant custodial credit risk.

Investments

The City's investments at December 31, 2014 consisted of deposits in the State of Wisconsin Local Government Investment Pool (an external investment pool), U.S. government agencies and instrumentalities obligations, and a money market fund associated with its investments in federal securities.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Deposits in State Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2014 was 92 days.

U.S. Government Agencies and Instrumentalities Obligations. The City's investments in these obligations at December 31, 2014 are summarized as follows:

Description	Totals	Investment Maturities (in years)			S & P Rating
		<1	1 to 5	5 to 10	
Debt Instruments:					
FNMA	\$ 2,104,049	\$ -	\$ 2,104,049	\$ -	AAA
FHLMC	2,380,976	-	1,428,084	952,892	AAA
FHLB	14,988,725	-	4,986,669	10,002,056	AAA
FFCB	339,505	-	339,505	-	AAA
Loan/mortgage pools -					
GNMA	5,647	-	-	5,647	Not Applicable
Municipal Bonds and Notes	685,161	-	685,161	-	Aa2
	<u>\$ 20,504,063</u>	<u>\$ -</u>	<u>\$ 9,543,468</u>	<u>\$ 10,960,595</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, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

U.S. Government Agencies and Instrumentalities Obligations (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.

B. Receivables/Deferred Inflows of Resources

1. Other Receivables

Other accounts receivable at December 31, 2014 are further detailed as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Totals
Special Assessments	\$ -	\$ 20,042	\$ -	\$ -	\$ 20,042
Accounts Receivable:					
General	128,867	325	98,354	98,397	325,943
Customers:					
Water	-	-	-	601,416	601,416
Sewer	-	-	-	390,037	390,037
Parking	-	-	-	6,918	6,918
Ambulance (net)	-	-	-	244,441	244,441
	<u>128,867</u>	<u>325</u>	<u>98,354</u>	<u>1,341,209</u>	<u>1,568,755</u>
Due From Other Governments	59,861	-	2,906	62,115	124,882
Long-Term Receivables:					
Economic Development Loans	-	-	12,467	-	12,467
Biosolids Facility	-	-	-	137,868	137,868
	<u>-</u>	<u>-</u>	<u>12,467</u>	<u>137,868</u>	<u>150,335</u>
Totals	<u>\$ 188,728</u>	<u>\$ 20,367</u>	<u>\$ 113,727</u>	<u>\$ 1,541,192</u>	<u>\$ 1,864,014</u>

Accounts receivable of the ambulance service and parking utility enterprise funds are reported net of an allowance for uncollectible accounts. Such allowance totaled \$89,812 in the ambulance service fund at December 31, 2014, while the receivable of \$56,160 in the parking utility fund was offset by an allowance of \$53,768 at December 31, 2014. Accounts receivable in the general fund for municipal court citations are also reported net of an allowance for uncollectible accounts, which the receivable of \$160,006 was offset by an allowance of \$137,041 at December 31, 2014. Long-term receivables related to economic development loans and advances to the Biosolids Facility are further discussed in Note 3.E and 4.D, respectively.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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
2014 Tax Roll Items:			
Property Taxes	\$ -	\$ 7,391,407	\$ 7,391,407
Special Assessments	19,516	-	19,516
Special Assessments - Future Years	8,571	-	8,571
Economic Development Loans	12,467	-	12,467
Prepaid Special Assessments	-	3,929	3,929
Other	771	-	771
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 41,325	\$ 7,395,336	\$ 7,436,661

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital assets activity for the year ended December 31, 2014 is shown below:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land, Easements and Right-of-Way	\$ 8,730,710	\$ -	\$ 9,594	\$ 8,721,116
Construction Work in Progress	79,205	359,807	39,706	399,306
Total Capital Assets Not Being Depreciated	<u>8,809,915</u>	<u>359,807</u>	<u>49,300</u>	<u>9,120,422</u>
Capital Assets Being Depreciated:				
Land Improvements	2,470,253	-	5,839	2,464,414
Buildings and Improvements	6,309,931	126,630	24,000	6,412,561
Machinery and Equipment	2,620,596	565,720	261,587	2,924,729
Licensed Vehicles	3,462,558	158,801	117,659	3,503,700
Infrastructure	82,164,353	1,853,412	-	84,017,765
Total Capital Assets Being Depreciated	<u>97,027,691</u>	<u>2,704,563</u>	<u>409,085</u>	<u>99,323,169</u>
Total Capital Assets	<u>105,837,606</u>	<u>3,064,370</u>	<u>458,385</u>	<u>108,443,591</u>
Accumulated Depreciation:				
Land Improvements	1,524,732	105,209	5,839	1,624,102
Buildings and Improvements	1,852,853	139,948	10,321	1,982,480
Machinery and Equipment	1,567,410	181,278	256,439	1,492,249
Licensed Vehicles	2,862,324	185,137	79,215	2,968,246
Infrastructure	52,270,805	2,126,058	-	54,396,863
Total Accumulated Depreciation	<u>60,078,124</u>	<u>2,737,630</u>	<u>351,814</u>	<u>62,463,940</u>
Net Capital Assets - Governmental Activities	<u>\$ 45,759,482</u>	<u>\$ 326,740</u>	<u>\$ 106,571</u>	<u>\$ 45,979,651</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 94,736
Public Safety	178,039
Transportation	2,306,024
Sanitation	310
Culture, Recreation and Education	158,360
Conservation and Development	161
	<u>\$ 2,737,630</u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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	961,490	29,438	19,610	971,318
Total Capital Assets Not Being Depreciated	<u>1,098,352</u>	<u>29,438</u>	<u>19,610</u>	<u>1,108,180</u>
Capital Assets Being Depreciated:				
Source of Supply	1,342,566	-	-	1,342,566
Pumping Plant	2,242,884	-	-	2,242,884
Water Treatment	4,785,214	-	-	4,785,214
Transmission and Distribution	21,869,152	995,088	120,091	22,744,149
General Assets	920,900	41,213	-	962,113
Total Capital Assets Being Depreciated	<u>31,160,716</u>	<u>1,036,301</u>	<u>120,091</u>	<u>32,076,926</u>
Total Capital Assets	<u>32,259,068</u>	<u>1,065,739</u>	<u>139,701</u>	<u>33,185,106</u>
Accumulated Depreciation:				
Source of Supply	521,751	34,160	-	555,911
Pumping Plant	1,582,122	88,565	-	1,670,687
Water Treatment	1,874,972	157,093	-	2,032,065
Transmission and Distribution	5,652,322	417,096	146,468	5,922,950
General Assets	863,682	64,500	-	928,182
Total Accumulated Depreciation	<u>10,494,849</u>	<u>761,414</u>	<u>146,468</u>	<u>11,109,795</u>
Net Capital Assets - Water Utility	<u>21,764,219</u>	<u>304,325</u>	<u>(6,767)</u>	<u>22,075,311</u>
Sewer Utility:				
Capital Assets Not Being Depreciated:				
Land	\$ 129,856	\$ -	\$ -	\$ 129,856
Capital Assets Being Depreciated:				
Collection System	680,920	-	-	680,920
Pumping System	12,400	-	-	12,400
Treatment and Disposal Plant	10,596,528	73,469	-	10,669,997
General Plant	834,549	4,800	-	839,349
Total Capital Assets Being Depreciated	<u>12,124,397</u>	<u>78,269</u>	<u>-</u>	<u>12,202,666</u>
Total Capital Assets	<u>12,254,253</u>	<u>78,269</u>	<u>-</u>	<u>12,332,522</u>
Accumulated Depreciation:				
Collection System	209,751	7,677	-	217,428
Pumping System	12,400	-	-	12,400
Treatment and Disposal Plant	5,934,323	327,044	-	6,261,367
General Plant	461,873	34,420	-	496,293
Total Accumulated Depreciation	<u>6,618,347</u>	<u>369,141</u>	<u>-</u>	<u>6,987,488</u>
Net Capital Assets - Sewer Utility	<u>5,635,906</u>	<u>(290,872)</u>	<u>-</u>	<u>5,345,034</u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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 Lots	\$ 760,562	\$ -	\$ -	\$ 760,562
Capital Assets Being Depreciated:				
Improvements to Lots	545,747	429,162	-	974,909
Equipment	58,879	-	-	58,879
Total Capital Assets Being Depreciated	<u>604,626</u>	<u>429,162</u>	<u>-</u>	<u>1,033,788</u>
Total Capital Assets	<u>1,365,188</u>	<u>429,162</u>	<u>-</u>	<u>1,794,350</u>
Accumulated Depreciation:				
Improvements to Lots	289,755	31,151	-	320,906
Equipment	47,037	4,448	-	51,485
Total Accumulated Depreciation	<u>336,792</u>	<u>35,599</u>	<u>-</u>	<u>372,391</u>
Net Capital Assets - Parking Utility	<u>1,028,396</u>	<u>393,563</u>	<u>-</u>	<u>1,421,959</u>
Ambulance Service:				
Capital Assets Being Depreciated:				
Vehicles	594,496	-	-	594,496
Other Equipment	168,141	39,061	-	207,202
Total Capital Assets	<u>762,637</u>	<u>39,061</u>	<u>-</u>	<u>801,698</u>
Total Accumulated Depreciation	<u>379,007</u>	<u>64,706</u>	<u>-</u>	<u>443,713</u>
Net Capital Assets - Ambulance Service	<u>383,630</u>	<u>(25,645)</u>	<u>-</u>	<u>357,985</u>
Totals - Business-Type Activities:				
Capital Assets Not Being Depreciated	1,988,770	29,438	19,610	1,998,598
Capital Assets Being Depreciated	<u>44,652,376</u>	<u>1,582,793</u>	<u>120,091</u>	<u>46,115,078</u>
Total Capital Assets	<u>46,641,146</u>	<u>1,612,231</u>	<u>139,701</u>	<u>48,113,676</u>
Less Accumulated Depreciation	<u>17,828,995</u>	<u>1,230,860</u>	<u>146,468</u>	<u>18,913,387</u>
Net Capital Assets - Business-Type Activities	<u>\$ 28,812,151</u>	<u>\$ 381,371</u>	<u>\$ (6,767)</u>	<u>\$ 29,200,289</u>

Depreciation was charged to the following business-type activities:

Water	\$ 761,414
Sewer	369,141
Parking	35,599
Ambulance	64,706
	<u>\$ 1,230,860</u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

Advances to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Ambulance Service Fund	\$ 132,538	Financing for purchase of ambulance(s)

On July 18, 2011, the City Council approved advancing \$135,000 from the general fund to the ambulance service fund to finance the purchase of a new ambulance. The advance is to be repaid in monthly installments of \$2,426 from September 2011 through August 2016 at 3.00% interest. On September 4, 2012, the City Council approved advancing \$150,000 from the general fund to the ambulance service fund to finance the purchase of another new ambulance. The advance is to be repaid in monthly installments of \$2,695 from October 2012 through September 2017 at 3.00% interest. During 2014, the ambulance paid the general fund combined principal of \$56,554 on these loans.

Interfund Transfers

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>	<u>Purpose</u>
Storm Water Fund	Storm Fund	\$ 32,389	Project costs
Storm Water Fund	Debt Service Fund	10,166	Portion of debt requirements
Storm Water Fund	Capital Projects Fund	62,750	Unspent funds for Buckeye Street
General Fund	Capital Projects Fund	11,000	City share of capital purchase
Impact Fees Fund	Capital Projects Fund	5,633	Project costs
Water Utility Fund	General Fund	385,948	Property tax equivalent
Sewer Utility Fund	General Fund	57,054	Property tax equivalent
		<u>\$ 564,940</u>	

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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, 2014:

	Balance 1/1/14	Additions	Reductions	Balance 12/31/14	Amounts Due Within One Year
Long-Term Debt:					
Governmental Activities:					
General Obligation Bonds	\$ 3,490,000	\$ -	\$ 230,000	\$ 3,260,000	\$ 125,000
General Obligation Notes	9,528,986	-	1,288,522	8,240,464	1,310,464
Unamortized Debt Premium	219,847	-	30,922	188,925	-
Unamortized Debt Discount	(6,003)	-	(1,174)	(4,829)	-
	<u>13,232,830</u>	<u>-</u>	<u>1,548,270</u>	<u>11,684,560</u>	<u>1,435,464</u>
Business-Type Activities:					
Mortgage Revenue Bonds:					
Sewer Utility	1,216,870	-	299,559	917,311	308,462
	<u>\$ 14,449,700</u>	<u>\$ -</u>	<u>\$ 1,847,829</u>	<u>\$ 12,601,871</u>	<u>\$ 1,743,926</u>
Other Long-Term Obligations:					
Governmental Activities:					
Employee Leave Liability	\$ 323,735	\$ 333,598	\$ 323,735	\$ 333,598	\$ 333,598
Other Postemployment Benefits Payable	446,249	125,004	35,691	535,562	-
	<u>769,984</u>	<u>458,602</u>	<u>359,426</u>	<u>869,160</u>	<u>333,598</u>
Business-Type Activities:					
Employee Leave Liability	104,180	104,926	104,180	104,926	104,926
Other Postemployment Benefits Payable	126,252	41,713	11,908	156,057	-
	<u>230,432</u>	<u>146,639</u>	<u>116,088</u>	<u>260,983</u>	<u>104,926</u>
	<u>\$ 1,000,416</u>	<u>\$ 605,241</u>	<u>\$ 475,514</u>	<u>\$ 1,130,143</u>	<u>\$ 438,524</u>

The City's estimated liabilities for employee vacation and sick leave and for post-employment benefits are discussed in Notes 4.B and 4.C, respectively.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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, 2014 and annual requirements for their retirement as of that date are shown below:

		Outstanding 12/31/14	Scheduled Future Payments							
			2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2033
State Trust Fund Loans:										
\$400,000, issued 5/13/05, due 3/15/15, interest at 4.0%	Principal (3/15)	\$ 50,464	\$ 50,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest (3/15)	2,019	2,019	-	-	-	-	-	-	-
Bond Issues:										
\$3,490,000 Series 2013A, dated 10/9/13, due 10/1/33, interest at 3.00 to 4.00%	Principal (10/1)	3,260,000	125,000	130,000	135,000	140,000	145,000	775,000	920,000	890,000
	Interest (4/1, 10/1)	1,331,926	114,820	111,070	107,170	103,120	98,920	427,850	279,110	89,866
Promissory Note Issues:										
\$2,860,000 Series 2013B, dated 10/9/13, due 10/1/23, interest at 2.00 to 2.750%	Principal (10/1)	2,355,000	510,000	450,000	185,000	190,000	195,000	825,000	-	-
	Interest (4/1, 10/1)	232,742	51,390	41,190	32,190	28,490	24,690	54,792	-	-
\$3,530,000 dated 5/25/11, due 5/1/21 interest at 1.00 to 3.00%	Principal (11/1)	2,515,000	330,000	340,000	320,000	360,000	365,000	800,000	-	-
	Interest (5/1, 11/1)	266,800	60,130	54,850	48,390	41,350	32,710	29,370	-	-
\$3,200,000 dated 7/21/09, due 6/1/19 interest at 3.00 to 3.70%	Principal (12/1)	2,395,000	200,000	325,000	630,000	630,000	610,000	-	-	-
	Interest (6/1, 12/1)	286,425	84,860	78,360	66,985	44,935	11,285	-	-	-
\$1,925,000 dated 6/10/08, due 6/1/18 interest at 3.50 to 3.75%	Principal (12/1)	925,000	220,000	230,000	235,000	240,000	-	-	-	-
	Interest (6/1, 12/1)	82,888	34,137	26,438	17,813	4,500	-	-	-	-
Total Future Requirements:										
	Principal	11,500,464	1,435,464	1,475,000	1,505,000	1,560,000	1,315,000	2,400,000	920,000	890,000
	Interest	2,202,800	347,356	311,908	272,548	222,395	167,605	512,012	279,110	89,866
Totals		\$ 13,703,264	\$ 1,782,820	\$ 1,786,908	\$ 1,777,548	\$ 1,782,395	\$ 1,482,605	\$ 2,912,012	\$ 1,199,110	\$ 979,866

**CITY OF HUDSON, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

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, 2014 were computed as follows:

Equalized Valuation (Certified August 2014)	<u>\$ 1,587,551,300</u>
Legal Debt Capacity (5% of Equalized Value)	\$ 79,377,565
Total General Obligation Debt Subject to Limitation	<u>11,500,464</u>
Unused Borrowing Capacity at 12/31/2014	<u>\$ 67,877,101</u>

Subsequent Year Borrowing

On June 9, 2015, the City issued Series 2015A General Obligation Corporate Purpose Bonds in the amount of \$2,115,000. The bonds bear interest at 3.00 to 3.50 percent and mature April 1, 2035. The bonds will be used to finance street projects and the purchase of a new fire truck.

On June 9, 2015, the City issued Series 2015B General Obligation Promissory Notes in the amount of \$1,885,000. The notes bear interest at 1.50 to 3.00 percent and mature April 1, 2025. The notes will be used to finance various 2015 and 2015 capital expenditures.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Mortgage Revenue Bonds

Repayment Requirements. Outstanding mortgage revenue bonds totaled \$917,311 at December 31, 2014. 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, 2014 and annual requirements for their retirement at that date are shown below:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Sewer Utility:				
Revenue Bonds dated 11/15/95, \$1,682,740, due 5/1/15, interest at 3.173% (Clean Water Fund loan - biosolids facility)	2015	\$ 116,658	\$ 1,851	\$ 118,509
Revenue Bonds dated 10/28/98, \$4,482,500 authorized, \$4,109,172 issued through 12/31/00, due 5/1/18, interest at 2.851% (Clean Water Fund loan - treatment plant)	2015	191,804	20,092	211,896
	2016	197,272	14,546	211,818
	2017	202,896	8,842	211,738
	2018	208,681	2,975	211,656
		<u>800,653</u>	<u>46,455</u>	<u>847,108</u>
Total Mortgage Revenue Bonds		<u>\$ 917,311</u>	<u>\$ 48,306</u>	<u>\$ 965,617</u>

The City authorized the issuance of \$1,682,740 of revenue bonds in 1995 to provide funding for its share of costs associated with the construction of the West Central Wisconsin Biosolids Facility (hereafter Facility). These funds were paid directly to the Facility to fund construction costs. Principal is payable annually on May 1 through the year 2015 and interest is payable semiannually on May 1 and November 1 at an annual rate of 3.173%. Principal and interest installments are being paid directly by the Facility. Accordingly, receivables have been recorded in the City's sewer utility enterprise fund equal to the outstanding revenue bonds and related accrued interest at year end which totaled \$117,892 (see also Note 4.D).

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Mortgage Revenue Bonds (Continued)

Bond Ordinance Requirements. The City resolutions authorizing the 1998 sewer mortgage revenue bond issues require the segregation of sewer utility enterprise fund revenues into the following separate accounts:

"Sewerage System Operation and Maintenance Fund" to provide for the reasonable and proper operation and maintenance of the utility.

"Sewerage System Bond and Interest Special Redemption Fund" (herein referred to as the "Special Redemption Fund") to be applied to the payment of the principal and interest on bonds.

"Sewerage System Depreciation Fund" to provide a proper and adequate depreciation account for the system.

The percentage of allocation to the above funds is subject to amendment by the Common Council provided that the proportion applicable to the Special Redemption Fund shall at all times be sufficient for its purposes. The City is maintaining these funds.

In addition to the above accounts, the resolutions also call for segregation of funds into a "Surplus Fund". This account has not been separately established within the utility records, but is included as a part of the operation and maintenance fund called for above.

In addition to the reserve account, the City had a balance of \$155,090 in the depreciation account at December 31, 2014. During 2000, the City passed a resolution to finance all debt service of the sewer utility (not specifically funded by other sources) from the future facility account maintained in the utility. All sewer hook-up fees received by the utility are set aside into this account. The account is to be jointly used to fund debt service of the utility and provide funding for future plant expansion and replacement. The balance of the account at December 31, 2014 was \$4,668,277, of which \$190,000 was restricted for funding the redemption account.

The separate accounts called for in the resolution authorizing the Clean Water Fund bonds issued to finance the City's share of the biosolids facility construction costs are maintained by the Facility as authorized by the State (see also Note 4.D).

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2014 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund	\$ 4,439,684	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Taxes	-	6,844	-	-	-	-
Prepayments	-	23,335	-	-	-	-
Advances to Other Funds	-	132,538	-	-	-	-
Police Equipment	-	-	-	-	9,778	-
Fire Equipment	-	-	-	-	46,465	-
Energy Savings	-	-	-	-	6,925	-
Room Tax	-	-	-	-	77,669	-
BOGO Tree Funds	-	-	-	-	1,448	-
Health Insurance Reserve	-	-	-	-	111,680	-
Unassigned	-	-	-	-	-	4,023,002
Impact Fees Fund	1,977,003	-	1,977,003	-	-	-
Debt Service Fund	11,349	-	11,349	-	-	-
Capital Projects Fund	2,238,908	-	1,034,908	1,204,000	-	-
Nonmajor Funds:						
Special Revenue Funds:						
Sewer Collection System						
Replacement Fund	945,440	-	-	945,440	-	-
Stormwater Fund	391,480	-	391,480	-	-	-
Parks Dedication Fees Fund	457,633	-	457,633	-	-	-
Police Donations Fund	21,783	-	21,783	-	-	-
Storm Fund	233,975	-	-	-	233,975	-
Police Drug Forfeitures Fund	759	-	759	-	-	-
Business Park Revolving Loan Fund	528,104	-	528,104	-	-	-
Total Governmental Fund Balances at December 31, 2014	<u>\$ 11,246,118</u>	<u>\$ 162,717</u>	<u>\$ 4,423,019</u>	<u>\$ 2,149,440</u>	<u>\$ 487,940</u>	<u>\$ 4,023,002</u>

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. Loans outstanding at December 31, 2014 totaled \$12,467. The outstanding balances on the loans are shown as long-term receivables in the business park revolving loan special revenue fund and are equally offset by a deferred inflow. The balance in the fund at December 31, 2014 totaled \$528,104.

**CITY OF HUDSON, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION

A. Employee Retirement Plan

All eligible City of Hudson employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 for teachers) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year (880 for teachers) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers and Executives and Elected Officials. The employer may not pay the employee required contribution unless provided for in an existing collective bargaining agreement.

Contribution rates for 2014 are summarized below:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.31%
Protective without Social Security	7.00%	13.91%

The payroll for City employees covered by the WRS for the year ended December 31, 2014 was \$4,775,480; the employer's total payroll was \$4,978,878. The total required contribution for the year ended December 31, 2014 was \$719,429 which consisted of \$385,005, or 8.06% of payroll from the employer and \$334,424 or 7.00% of payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$691,225 and \$613,129, respectively, equal to the required contributions for each year.

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Employee Retirement Plan (Continued)

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

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, 2014 were \$282,352 for governmental funds, \$104,926 for enterprise funds, \$25,547 for the Joint Library component unit, and \$7,798 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, 2014 totaled \$52,471. This amount includes \$51,246 reflected as a liability in the government-wide financial statements for governmental activities and \$1,225 reflected in the Joint Library component unit.

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

C. Other Postemployment Benefit Plan

The City implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine its liability for postemployment healthcare benefits other than pensions.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Plan Description

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

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

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

Funding Policy

The City funds its OPEB obligation on a pay as you go basis (PAYGO). For fiscal year 2014, the City contributed an estimated \$50,158 to the plan under this basis.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to (paid under) the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 186,213
Interest on Net OPEB Obligation	27,204
Adjustment to Annual Required Contribution	<u>(37,731)</u>
Annual OPEB Cost (Expense)	175,686
Employer Contributions under PAYGO Basis	<u>(50,158)</u>
Increase in Net OPEB Obligation	125,528
Net OPEB Obligation - Beginning of Year	<u>604,524</u>
Net OPEB Obligation - End of Year	730,052
Less Amount Allocated to Component Units	<u>(38,433)</u>
Net OPEB Obligation - End of Year - Primary Government	<u><u>\$ 691,619</u></u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 175,686	\$ 50,158	28.5%	\$ 730,052
12/31/2013	178,578	24,415	13.7	604,524
12/31/2012	180,976	39,506	21.8	450,361

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$1,291,226 or 31.0% of covered payroll in the amount of \$4,167,014.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% interest discount rate and salary increases of 3.0%. The initial healthcare trend rate was 8% in 2012 grading to 5.0% over six years. The UAAL amortization period remaining at December 31, 2014 is less than 30 years.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. 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.

Pursuant to an agreement establishing the City's participation in the Facility, the City was required to provide initial funding for its share of the start-up and construction costs of the Facility. Accordingly, the City authorized the issuance of \$1,682,740 of mortgage revenue bonds to the State of Wisconsin under the Clean Water Fund Financial Assistance Program and procured a grant from the Wisconsin Department of Administration to fund its share of the costs. Proceeds of the debt and of the grant relating to this project were remitted to the Facility. The Facility is directly funding repayment of the debt and is recovering the costs thereof through its user charges. The Facility is also amortizing the grant proceeds over the same term as the debt and reducing the City's annual user charges by the amount of such amortization. The amount of the unrefunded debt, together with accrued interest, and the uncredited grant proceeds remitted to the Facility are recorded as long-term receivables in the City's sewer utility enterprise fund. Total amounts recorded as receivables at December 31, 2014 relating to the mortgage revenue bonds and the grant were \$117,892 and \$19,976, respectively. The receivable relating to the revenue bonds consisted of the outstanding debt of \$116,658 (entire amount was classified as current) plus accrued interest of \$1,234. The receivable for the uncredited grant proceeds is equally offset by unearned revenue. Credits applied by the Facility relating to the grant will be offset against the utility's operating costs associated with the City's participation in the Facility.

E. Landfill Postclosure Care Costs

City-Owned Site. The City is responsible for postclosure care costs relating to a landfill site owned by the City. The landfill was closed in prior years and a cover and monitoring wells were installed in 1992. Future postclosure care costs currently consist solely of monitoring emissions from the site wells and the water quality of identified adjacent property owners' wells. The Wisconsin Department of Natural Resources did not stipulate a specific future timeframe for the required monitoring and, accordingly, no liability has been recorded for these ongoing costs in the government-wide financial statements. Total expenditures during 2014 were \$7,900. Future annual expenditures are expected to be similar to current year expenditures.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Discretely Presented Component Units

Joint Library

Capital assets activity for the Joint Library for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 523,386	\$ -	\$ -	\$ 523,386
Machinery and Equipment	620,791	86,665	57,014	650,442
Total Capital Assets	<u>1,144,177</u>	<u>86,665</u>	<u>57,014</u>	<u>1,173,828</u>
Accumulated Depreciation:				
Buildings and Improvements	70,874	20,371	-	91,245
Machinery and Equipment	61,027	74,703	57,014	78,716
Total Accumulated Depreciation	<u>131,901</u>	<u>95,074</u>	<u>57,014</u>	<u>169,961</u>
Net Capital Assets - Joint Library	<u>\$ 1,012,276</u>	<u>\$ (8,409)</u>	<u>\$ -</u>	<u>\$ 1,003,867</u>

Depreciation expense charged to the Joint Library was \$95,074.

The long-term obligations activity for the Joint Library component unit for the year ended December 31, 2014, was as follows:

	Balance 1/1/14	Additions	Reductions	Balance 12/31/14	Amounts Due Within One Year
Employee Leave Liability	\$ 24,595	\$ 2,177	\$ -	\$ 26,772	\$ 26,772
Other Postemployment Benefits Payable	24,108	6,753	1,928	28,933	-
Total Long-Term Obligations	<u>\$ 48,703</u>	<u>\$ 8,930</u>	<u>\$ 1,928</u>	<u>\$ 55,705</u>	<u>\$ 26,772</u>

Community Access Board

Capital assets activity for the Community Access Board for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Machinery and Equipment	\$ 145,621	\$ 7,573	\$ 17,525	\$ 135,669
Accumulated Depreciation:	86,878	9,292	17,525	78,645
Net Capital Assets - Community Access Board	<u>\$ 58,743</u>	<u>\$ (1,719)</u>	<u>\$ -</u>	<u>\$ 57,024</u>

Depreciation expense charged to the Community Access Board was \$9,292.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Discretely Presented Component Units (Continued)

Community Access Board (Continued)

The long-term obligations activity for the Community Access Board component unit for the year ended December 31, 2014, was as follows:

	Balance 1/1/14	Additions	Reductions	Balance 12/31/14	Amounts Due Within One Year
Employee Leave Liability	\$ 6,627	\$ 1,171	\$ -	\$ 7,798	\$ 7,798
Other Postemployment Benefits Payable	7,916	2,217	633	9,500	-
Total Long-Term Obligations	<u>\$ 14,543</u>	<u>\$ 3,388</u>	<u>\$ 633</u>	<u>\$ 17,298</u>	<u>\$ 7,798</u>

G. Commitments and Contingencies

Construction Contracts. The City is committed to multiple contracts for street improvements, sanitary lift station upgrades, water utility improvements, and parking utility improvements. At December 31, 2014, the City's remaining commitment under these contracts is \$703,185.

H. Risk Management and Litigation Matters

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUDSON, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 5,581,356	\$ 5,581,356	\$ 5,634,024	\$ 52,668
Intergovernmental	822,607	863,910	838,333	(25,577)
Licenses and Permits	301,530	301,530	286,652	(14,878)
Fines and Forfeits	117,000	117,000	126,496	9,496
Public Charges for Services	116,700	116,700	99,846	(16,854)
Intergovernmental Charges for Services	487,681	487,681	492,088	4,407
Miscellaneous:				
Interest	55,000	55,000	216,794	161,794
Rent	144,800	144,800	134,555	(10,245)
Other	24,000	47,900	49,863	1,963
Total Revenues	<u>7,650,674</u>	<u>7,715,877</u>	<u>7,878,651</u>	<u>162,774</u>
EXPENDITURES:				
General Government	1,629,170	1,583,275	1,459,783	123,492
Public Safety	3,964,454	4,023,298	3,762,591	260,707
Transportation Facilities	1,395,922	1,503,831	1,440,086	63,745
Sanitation	51,362	27,896	19,896	8,000
Health and Human Services	15,600	15,600	15,691	(91)
Culture, Recreation and Education	831,528	821,528	824,990	(3,462)
Conservation and Development	237,638	244,824	233,956	10,868
Total Expenditures	<u>8,125,674</u>	<u>8,220,252</u>	<u>7,756,993</u>	<u>463,259</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(475,000)</u>	<u>(504,375)</u>	<u>121,658</u>	<u>626,033</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Property	3,000	4,652	33,054	28,402
Transfers In	472,000	472,000	443,002	(28,998)
Transfers Out	-	(11,000)	(11,000)	-
Total Other Financing Sources (Uses)	<u>475,000</u>	<u>465,652</u>	<u>465,056</u>	<u>(596)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (38,723)</u>	<u>586,714</u>	<u>\$ 625,437</u>
Fund Balance, January 1			<u>3,852,970</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 4,439,684</u>	

See Notes to Required Supplementary Information

CITY OF HUDSON, WISCONSIN
 SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ -	\$ 1,291,226	\$ 1,291,226	0%	\$ 4,167,014	31.0%
1/1/2009	-	1,009,732	1,009,732	0%	3,513,736	28.7%
1/1/2008	-	1,782,868	1,782,868	0%	3,356,166	53.1%

**CITY OF HUDSON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014**

BUDGETARY INFORMATION

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

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

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**CITY OF HUDSON, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014**

	Special Revenue Funds						Total Nonmajor Governmental Funds	
	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Fund		Stormwater Fund
ASSETS								
Cash and Investments	\$ 945,440	\$ 457,633	\$ 21,783	\$ 759	\$ 526,194	\$ 251,749	\$ 298,828	\$ 2,502,386
Accounts Receivable	-	-	-	-	1,910	-	96,444	98,354
Due from Other Governments	-	-	-	-	-	2,906	-	2,906
Long-Term Receivables	-	-	-	-	12,467	-	-	12,467
Total Assets	\$ 945,440	\$ 457,633	\$ 21,783	\$ 759	\$ 540,571	\$ 254,655	\$ 395,272	\$ 2,616,113
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Vouchers and Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,680	\$ 3,701	\$ 24,381
Accrued Wages	-	-	-	-	-	-	91	91
Total Liabilities	-	-	-	-	-	20,680	3,792	24,472
Deferred Inflows of Resources:								
Unavailable Revenues - Loans Receivable	-	-	-	-	12,467	-	-	12,467
Fund Balances:								
Restricted	-	457,633	21,783	759	528,104	-	391,480	1,399,759
Committed	945,440	-	-	-	-	-	-	945,440
Assigned	-	-	-	-	-	233,975	-	233,975
Total Fund Balances	945,440	457,633	21,783	759	528,104	233,975	391,480	2,579,174
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 945,440	\$ 457,633	\$ 21,783	\$ 759	\$ 540,571	\$ 254,655	\$ 395,272	\$ 2,616,113

**CITY OF HUDSON, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014**

	Special Revenue Funds						Total Nonmajor Governmental Funds	
	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Fund	Stormwater Fund	
REVENUES:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,448	\$ -	\$ 128,448
Public Charges for Services	56,066	-	-	-	-	-	303,905	359,971
Miscellaneous:								
Allocated Investment Earnings	30,018	13,201	578	26	17,181	2,589	8,225	71,818
Loan Repayments - Interest	-	-	-	-	1,020	-	-	1,020
Loan Repayments - Principal	-	-	-	-	21,896	-	-	21,896
Other	-	60,950	18,237	-	-	-	264	79,451
Total Revenues	86,084	74,151	18,815	26	40,097	131,037	312,394	662,604
EXPENDITURES:								
Public Safety	-	-	14,162	-	-	-	-	14,162
Transportation Facilities	-	-	-	-	-	81,602	198,713	280,315
Culture, Recreation and Education	-	22,126	-	-	-	3,676	-	25,802
Total Expenditures	-	22,126	14,162	-	-	85,278	198,713	320,279
EXCESS OF REVENUES OVER EXPENDITURES	86,084	52,025	4,653	26	40,097	45,759	113,681	342,325
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	-	32,389	-	32,389
Transfers Out	-	-	-	-	-	-	(105,305)	(105,305)
Total Other Financing Sources (Uses)	-	-	-	-	-	32,389	(105,305)	(72,916)
NET CHANGE IN FUND BALANCES	86,084	52,025	4,653	26	40,097	78,148	8,376	269,409
Fund Balances, January 1	859,356	405,608	17,130	733	488,007	155,827	383,104	2,309,765
FUND BALANCES, DECEMBER 31	\$ 945,440	\$ 457,633	\$ 21,783	\$ 759	\$ 528,104	\$ 233,975	\$ 391,480	\$ 2,579,174

**CITY OF HUDSON, WISCONSIN
GENERAL FUND
DETAILED BALANCE SHEET
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	2014	2013
ASSETS		
Treasurer's Cash and Investments	\$ 4,955,379	\$ 4,606,984
Petty Cash	900	900
Current Taxes Receivable	5,281,958	4,828,236
Delinquent Personal Property Taxes	6,844	9,858
Accounts Receivable	128,867	77,029
Due from Other Governmental Units	59,861	44,502
Advances to Other Funds	132,538	189,092
Prepayments	23,335	35,841
	\$ 10,589,682	\$ 9,792,442
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Vouchers and Accounts Payable	\$ 171,945	\$ 178,666
Payroll Withholdings	55,861	55,289
Accrued Wages	156,528	146,803
Due to Other Governmental Units	20,741	15,204
Special Deposits	137,564	132,855
Total Liabilities	542,639	528,817
Deferred Inflows of Resources:		
Subsequent Year's Property Taxes	5,606,588	5,410,355
Unavailable Revenues - Other	771	300
Total Deferred Inflows of Resources	5,607,359	5,410,655
Fund Balance:		
Nonspendable		
Delinquent Taxes	6,844	9,858
Prepayments	23,335	35,841
Advances to Other Funds	132,538	189,092
Restricted	-	30,110
Assigned	253,965	251,157
Unassigned	4,023,002	3,336,912
Total Fund Balance	4,439,684	3,852,970
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 10,589,682	\$ 9,792,442

**CITY OF HUDSON, WISCONSIN
GENERAL FUND
STATEMENT OF CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2014**

	Balance 1/1/14	Revenues/Other Sources			Net Transfers From (To) General Fund	Total Available	Expenditures/ Transfers to Other Funds	Balance 12/31/14
		Tax Levy	Interest	Other				
Nonspendable:								
Delinquent Taxes	\$ 9,858	\$ -	\$ -	\$ -	\$ (3,014)	\$ 6,844	\$ -	\$ 6,844
Advances to Other Funds	189,092	-	-	-	(56,554)	132,538	-	132,538
Prepayments	35,841	-	-	-	(12,506)	23,335	-	23,335
Total Nonspendable	\$ 234,791	\$ -	\$ -	\$ -	\$ (72,074)	\$ 162,717	\$ -	\$ 162,717
Restricted:								
Unused Tourism Dollars	\$ 30,110	\$ -	\$ -	\$ -	\$ -	\$ 30,110	30,110	\$ -
Assigned:								
Police Equipment	\$ 29,961	\$ -	\$ 134	\$ 6,131	\$ -	\$ 36,226	\$ 26,448	\$ 9,778
Fire Equipment	43,442	-	373	2,650	-	46,465	-	46,465
Health Insurance	110,757	-	923	-	-	111,680	-	111,680
Energy Savings	6,868	-	57	-	-	6,925	-	6,925
Room Tax	57,259	-	488	29,655	-	87,402	9,733	77,669
BOGO Tree Funds	2,870	-	13	-	-	2,883	1,435	1,448
Total Assigned	\$ 251,157	\$ -	\$ 1,988	\$ 38,436	\$ -	\$ 291,581	\$ 37,616	\$ 253,965

**CITY OF HUDSON, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014		Variance - Positive (Negative)	2013 Actual
	Final Budget	Actual		
REVENUES:				
Taxes:				
General Property Taxes	\$ 5,410,356	\$ 5,410,355	\$ (1)	\$ 5,177,823
Room Tax	160,000	212,830	52,830	191,762
Payment in Lieu of Taxes:				
Housing Authority	10,000	10,000	-	10,000
Other Taxes	-	-	-	1,620
Interest and Penalties on Taxes	1,000	839	(161)	1,463
Total Taxes	<u>5,581,356</u>	<u>5,634,024</u>	<u>52,668</u>	<u>5,382,668</u>
Intergovernmental:				
Federal Public Safety	-	-	-	548
State Shared Taxes	169,000	168,133	(867)	168,234
State Aid for Exempt Computers	27,000	30,192	3,192	27,875
State Fire Insurance Tax	47,500	56,622	9,122	46,760
State Aid for Police Training	7,000	4,320	(2,680)	5,480
State Transportation Aids	556,857	556,648	(209)	573,026
Payment for Municipal Services	750	555	(195)	743
County Recycling Grant	4,000	-	(4,000)	-
DNR Urban Forestry Grant	37,303	15,053	(22,250)	-
Other Intergovernmental Aids	14,500	6,810	(7,690)	1,963
Total Intergovernmental	<u>863,910</u>	<u>838,333</u>	<u>(25,577)</u>	<u>824,629</u>
Licenses and Permits:				
Business and Occupational Licenses:				
Liquor and Malt Beverage	27,000	18,170	(8,830)	19,045
Other	14,730	12,310	(2,420)	15,484
Dog Licenses (Including County Refund)	-	3,708	3,708	4,092
Cat Licenses	800	576	(224)	595
Building Permits	250,000	229,342	(20,658)	270,999
Other Permits	5,000	8,336	3,336	7,565
Filing Fees	4,000	14,210	10,210	11,435
Total Licenses and Permits	<u>301,530</u>	<u>286,652</u>	<u>(14,878)</u>	<u>329,215</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, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014		Variance - Positive (Negative)	2013 Actual
	Final Budget	Actual		
REVENUES: (CONTINUED)				
Fines and Forfeits:				
Court Penalties and Costs	\$ 115,000	\$ 124,544	\$ 9,544	\$ 104,074
County Court/Miscellaneous	2,000	1,952	(48)	2,325
Total Fines and Forfeits	<u>117,000</u>	<u>126,496</u>	<u>9,496</u>	<u>106,399</u>
Public Charges for Services:				
General Government:				
License Publication Fees	100	71	(29)	18
Maps, Copies and Photos	1,100	930	(170)	1,661
Assessment Search Fees	9,000	7,185	(1,815)	7,450
Administration Charge to Business Park	12,500	12,430	(70)	12,380
Public Safety:				
Police Special OT	500	340	(160)	(352)
Public Education Fees	500	250	(250)	755
Casual Call Reimbursement	1,000	952	(48)	6,221
Public Works:				
Maintenance Charges	1,000	1,819	819	1,092
Weed and Nuisance Charges	4,000	1,991	(2,009)	2,432
Culture, Recreation and Education:				
Parks and Recreation	17,000	27,830	10,830	31,107
Boat Launching	54,000	30,434	(23,566)	42,482
Sail Boat Mooring	16,000	15,289	(711)	15,174
Total Public Charges for Services	<u>116,700</u>	<u>99,846</u>	<u>(16,854)</u>	<u>120,420</u>
Intergovernmental Charges for Services:				
Other Local Governments:				
Fire Protection - Contracts	384,781	387,366	2,585	339,174
School Liaison Officer - School Share	80,000	78,785	(1,215)	81,014
Police Labor Reimbursement	1,000	3,657	2,657	4,394
Other Charges	-	128	128	614
Local Departments/Funds:				
Library - Administrative Charge	13,500	13,752	252	13,140
Cable TV Administrative Charge	8,400	8,400	-	8,400
Total Intergovernmental Charges for Services	<u>487,681</u>	<u>492,088</u>	<u>4,407</u>	<u>446,736</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, 2014

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)

	2014		Variance - Positive (Negative)	2013 Actual
	Final Budget	Actual		
REVENUES: (CONTINUED)				
Miscellaneous:				
Interest on Investments	\$ 55,000	\$ 216,794	\$ 161,794	\$ (135,577)
MB Occupancy Costs	131,000	121,385	(9,615)	129,520
Rent of City Buildings and Property	8,000	7,350	(650)	7,350
Rent Charge to Ambulance Utility	5,800	5,820	20	5,820
Insurance Dividends	32,700	36,730	4,030	21,042
Donations	-	220	220	1,626
Other Refunds and Reimbursements	15,200	12,913	(2,287)	48,993
Total Miscellaneous	<u>247,700</u>	<u>401,212</u>	<u>153,512</u>	<u>78,774</u>
 Total Revenues	 <u>7,715,877</u>	 <u>7,878,651</u>	 <u>162,774</u>	 <u>7,288,841</u>
EXPENDITURES:				
General Government:				
Mayor and Council	48,753	47,664	1,089	45,421
Mayor and Council Capital Outlay	-	-	-	6,311
Municipal Court	137,848	120,247	17,601	125,224
Municipal Court Capital Outlay	1,450	1,405	45	2,407
City Attorney/Other Legal	105,500	105,744	(244)	132,146
Clerk-Treasurer	314,028	283,292	30,736	298,028
Administrator	79,278	79,083	195	77,704
Labor Negotiator/Drug Test	15,000	13,582	1,418	17,099
Information Technology	161,180	157,899	3,281	138,590
Information Technology Capital Outlay	-	-	-	9,351
Elections	23,397	21,574	1,823	10,709
Assessment of Property	72,356	69,036	3,320	70,455
Insurance/Unallocated	239,869	243,360	(3,491)	199,692
City Hall	132,005	131,216	789	113,517
Municipal Building	190,638	183,476	7,162	178,186
Write Off Receivables/Taxes	-	-	-	1,001
Illegal Taxes and Refunds	-	973	(973)	2,511
Contingency/Special Projects	61,973	1,232	60,741	2,121
Total General Government	<u>1,583,275</u>	<u>1,459,783</u>	<u>123,492</u>	<u>1,430,473</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, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014		Variance - Positive (Negative)	2013 Actual
	Final Budget	Actual		
EXPENDITURES: (CONTINUED)				
Public Safety:				
Police Administration	\$ 420,168	\$ 396,930	\$ 23,238	\$ 406,190
Police Patrol	1,985,136	1,950,295	34,841	2,028,754
Police Patrol Capital Outlay	70,000	70,607	(607)	59,999
Criminal Investigation	366,621	314,554	52,067	243,717
School Officer	112,879	111,705	1,174	116,413
Police and Fire Commission	2,700	1,213	1,487	2,080
Fire Department	391,423	354,711	36,712	417,461
Fire Department Capital Outlay	104,885	71,047	33,838	62,153
Fire Department Training	46,004	42,160	3,844	34,510
Fire Department Officers	33,529	22,694	10,835	32,774
Fire Deferred Compensation Wages	21,730	17,219	4,511	17,715
Fire Mechanic Wages	10,082	8,610	1,472	8,783
Fire Administration	122,674	101,662	21,012	21,692
Ambulance Subsidy	171,431	171,431	-	169,156
Building Inspection	150,357	117,227	33,130	114,482
Disaster Control	500	-	500	-
Emergency Government - Sirens	11,679	9,115	2,564	14,443
Dams	1,500	1,411	89	1,002
Total Public Safety	4,023,298	3,762,591	260,707	3,751,324
Transportation Facilities:				
Streets and Related Facilities:				
Director of Public Works	149,272	144,348	4,924	137,736
Director of Public Works Outlay	(1,700)	-	(1,700)	-
Machinery and Equipment	163,764	155,332	8,432	166,959
Garage - Storage Sheds	34,479	30,503	3,976	28,732
West Garage	11,800	11,289	511	9,269
Street Maintenance	855,705	837,733	17,972	757,063

CITY OF HUDSON, WISCONSIN
GENERAL FUND

DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)

	2014		Variance - Positive (Negative)	2013 Actual
	Final Budget	Actual		
EXPENDITURES: (CONTINUED)				
Transportation Facilities: (Continued)				
Streets and Related Facilities: (Continued)				
Highways 94 and 35	\$ 28,720	\$ 28,720	\$ -	\$ 18,695
Street Lighting	201,655	187,591	14,064	181,517
Street Signs and Markings	22,160	19,552	2,608	52,106
Stop and Go Lights	35,643	23,448	12,195	23,678
Sidewalks and Crosswalks	1,200	1,124	76	2,136
Curb and Gutter	853	242	611	1,197
Storm Sewers	280	204	76	-
Total Transportation Facilities	<u>1,503,831</u>	<u>1,440,086</u>	<u>63,745</u>	<u>1,379,088</u>
Sanitation:				
Landfill	9,114	7,928	1,186	5,312
Weed Control	8,333	6,683	1,650	6,540
Recycling Coordinator	10,449	5,285	5,164	15,627
Total Sanitation	<u>27,896</u>	<u>19,896</u>	<u>8,000</u>	<u>27,479</u>
Health and Human Services:				
Sealer of Weights and Measures	6,000	6,000	-	6,000
Animal Control	9,600	9,691	(91)	12,588
Total Health and Human Services	<u>15,600</u>	<u>15,691</u>	<u>(91)</u>	<u>18,588</u>
Culture, Recreation and Education:				
Community Subsidies	158,700	190,408	(31,708)	175,306
Joint Library	295,000	295,000	-	281,174
Parks:				
Parks Administration	97,057	93,734	3,323	88,639
General Park Maintenance	183,733	174,590	9,143	179,970
Lakefront Park	34,609	32,584	2,025	36,689

**CITY OF HUDSON, WISCONSIN
GENERAL FUND**

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2014**

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)

	2014		Variance - Positive (Negative)	2013 Actual
	Final Budget	Actual		
EXPENDITURES: (CONTINUED)				
Culture, Recreation and Education: (Continued)				
Parks: (Continued)				
Grandview Park	\$ 51,129	\$ 38,674	\$ 12,455	\$ 42,392
Celebrations	1,300	-	1,300	-
Total Culture, Recreation and Education	<u>821,528</u>	<u>824,990</u>	<u>(3,462)</u>	<u>804,170</u>
Conservation and Development:				
Shade Tree Control	44,375	41,347	3,028	41,529
Community Development	200,449	192,609	7,840	190,901
Community Development Capital Outlay	-	-	-	20,689
Total Conservation and Development	<u>244,824</u>	<u>233,956</u>	<u>10,868</u>	<u>253,119</u>
 Total Expenditures	 <u>8,220,252</u>	 <u>7,756,993</u>	 <u>463,259</u>	 <u>7,664,241</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(504,375)</u>	<u>121,658</u>	<u>626,033</u>	<u>(375,400)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of City Property	4,652	33,054	28,402	4,067
Transfers In:				
From Water Utility - Tax Equivalent	420,000	385,948	(34,052)	424,804
From Sewer Utility - Tax Equivalent	52,000	57,054	5,054	57,072
Transfers Out:				
To Capital Projects Funds	(11,000)	(11,000)	-	-
To Special Revenue Funds	-	-	-	(150,000)
Total Other Financing Sources (Uses)	<u>465,652</u>	<u>465,056</u>	<u>(596)</u>	<u>335,943</u>
NET CHANGE IN FUND BALANCE	<u>\$ (38,723)</u>	<u>586,714</u>	<u>\$ 625,437</u>	<u>(39,457)</u>
Fund Balance, January 1		<u>3,852,970</u>		<u>3,892,427</u>
FUND BALANCE, DECEMBER 31		<u>\$ 4,439,684</u>		<u>\$ 3,852,970</u>

**CITY OF HUDSON, WISCONSIN
PUBLIC WORKS CAPITAL PROJECTS FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BY PROJECT
YEAR ENDED DECEMBER 31, 2014**

	2011 Capital Projects	2012 Parks Projects	2012 Streets Projects	2012 Storm Water Projects	2013 Capital Projects	2013 Parks Projects	2013 Equipment	2013 Streets Projects
REVENUES:								
Reimbursements - Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements - Assessments Interest	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-
Intergovernmental Revenues	-	-	-	-	-	-	-	-
Adjust to Market Value	-	-	-	-	-	-	-	-
Allocated Investments Earnings	-	-	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:								
Construction/Capital Outlay	5,748	-	33,955	204	77,558	-	228,255	546,845
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								
	<u>(5,748)</u>	<u>-</u>	<u>(33,955)</u>	<u>(204)</u>	<u>(77,558)</u>	<u>-</u>	<u>(228,255)</u>	<u>(546,845)</u>
OTHER FINANCING SOURCES (USES):								
Allocation of Balances	-	-	-	(4,000)	-	-	1,342	-
Transfer from Impact Fees Fund	-	-	-	-	-	-	-	-
Transfer from Storm Sewer Fund	-	-	-	-	-	-	-	-
Transfer from General Fund	-	-	-	-	-	-	-	-
Reallocation of Balances on Closed Projects	-	-	(60)	(2,640)	1,700	-	-	(502,161)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(60)</u>	<u>(6,640)</u>	<u>1,700</u>	<u>-</u>	<u>1,342</u>	<u>(502,161)</u>
NET CHANGE IN FUND BALANCE								
	(5,748)	-	(34,015)	(6,844)	(75,858)	-	(226,913)	(1,049,006)
Project Balance, January 1	9,857	12,526	45,865	10,012	137,086	29,000	228,253	1,153,564
PROJECT BALANCE, DECEMBER 31	<u>\$ 4,109</u>	<u>\$ 12,526</u>	<u>\$ 11,850</u>	<u>\$ 3,168</u>	<u>\$ 61,228</u>	<u>\$ 29,000</u>	<u>\$ 1,340</u>	<u>\$ 104,558</u>
COMPONENTS OF PROJECT BALANCE:								
Allocated Treasurer's Cash	\$ 4,109	\$ 12,526	\$ 11,850	\$ 3,168	\$ 62,558	\$ 29,000	\$ 1,340	\$ 179,421
Accounts Receivable	-	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	-
Vouchers Payable YE Check Runs	-	-	-	-	(1,330)	-	-	(74,863)
Project Balances December 31, 2014	<u>\$ 4,109</u>	<u>\$ 12,526</u>	<u>\$ 11,850</u>	<u>\$ 3,168</u>	<u>\$ 61,228</u>	<u>\$ 29,000</u>	<u>\$ 1,340</u>	<u>\$ 104,558</u>

SCHEDULE C-1

**CITY OF HUDSON, WISCONSIN
PUBLIC WORKS CAPITAL PROJECTS FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BY PROJECT (CONTINUED)
YEAR ENDED DECEMBER 31, 2014**

	2013 Storm Water Projects	2014 Parks Projects	2014 Equipment	2014 Streets	2014 Capital Projects	Public Works Equipment Replacement	Unfunded/ Residual Projects	Total
REVENUES:								
Reimbursements - Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,919	\$ 38,919
Reimbursements - Assessments Interest	-	-	-	-	-	-	3,274	3,274
Sale of Fixed Assets	-	-	-	-	-	9,227	377	9,604
Intergovernmental Revenues	-	-	-	32,212	-	-	-	32,212
Adjust to Market Value	-	-	-	-	-	-	85,075	85,075
Allocated Investments Earnings	-	-	-	-	-	118	35,475	35,593
Refunds and Reimbursements	-	-	3,010	-	61,064	-	27,017	91,091
Total Revenues	<u>-</u>	<u>-</u>	<u>3,010</u>	<u>32,212</u>	<u>61,064</u>	<u>9,345</u>	<u>190,137</u>	<u>295,768</u>
EXPENDITURES:								
Construction/Capital Outlay	223,956	23,424	342,757	1,431,036	66,615	-	-	2,980,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								
	<u>(223,956)</u>	<u>(23,424)</u>	<u>(339,747)</u>	<u>(1,398,824)</u>	<u>(5,551)</u>	<u>9,345</u>	<u>190,137</u>	<u>(2,684,585)</u>
OTHER FINANCING SOURCES (USES):								
Allocation of Balances	-	154,720	381,660	1,071,000	581,265	(18,587)	(2,167,400)	-
Transfer from Impact Fees Fund	-	-	-	-	-	-	5,633	5,633
Transfer from Storm Sewer Fund	62,750	-	-	-	-	-	-	62,750
Transfer from General Fund	-	-	-	-	11,000	-	-	11,000
Reallocation of Balances on Closed Projects	-	-	-	618,872	2,300	-	(118,011)	-
Total Other Financing Sources (Uses)	<u>62,750</u>	<u>154,720</u>	<u>381,660</u>	<u>1,689,872</u>	<u>594,565</u>	<u>(18,587)</u>	<u>(2,279,778)</u>	<u>79,383</u>
NET CHANGE IN FUND BALANCE	<u>(161,206)</u>	<u>131,296</u>	<u>41,913</u>	<u>291,048</u>	<u>589,014</u>	<u>(9,242)</u>	<u>(2,089,641)</u>	<u>(2,605,202)</u>
Project Balance, January 1	167,677	-	-	-	-	23,144	3,027,126	4,844,110
PROJECT BALANCE, DECEMBER 31	<u>\$ 6,471</u>	<u>\$ 131,296</u>	<u>\$ 41,913</u>	<u>\$ 291,048</u>	<u>\$ 589,014</u>	<u>\$ 13,902</u>	<u>\$ 937,485</u>	<u>\$ 2,238,908</u>
COMPONENTS OF PROJECT BALANCE:								
Allocated Treasurer's Cash	\$ 6,879	\$ 131,296	\$ 41,913	\$ 452,255	\$ 591,831	\$ 13,902	\$ 929,618	\$ 2,471,666
Accounts Receivable	-	-	-	-	-	-	325	325
Due From Other Governments	-	-	-	-	-	-	7,542	7,542
Vouchers Payable YE Check Runs	(408)	-	-	(161,207)	(2,817)	-	-	(240,625)
Project Balances December 31, 2014	<u>\$ 6,471</u>	<u>\$ 131,296</u>	<u>\$ 41,913</u>	<u>\$ 291,048</u>	<u>\$ 589,014</u>	<u>\$ 13,902</u>	<u>\$ 937,485</u>	<u>\$ 2,238,908</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	2014	2013
ASSETS		
Current Assets:		
Cash and Investments:		
Operations	\$ 6,960,796	\$ 6,953,216
Future Facilities Account	95,898	95,105
Customer Accounts Receivable	601,416	618,199
Accounts Receivable on Tax Roll	79,208	80,448
Other Accounts Receivable	14,918	25,654
Due from Other Governmental Units	30,039	36,353
Inventories	29,766	31,269
Total Current Assets	7,812,041	7,840,244
Restricted Assets:		
Cash and Investments:		
Carmichael Impact Assessments	787,120	780,614
Capital Assets:		
Utility Plant in Service	32,213,788	31,297,578
Less Accumulated Depreciation	11,109,795	10,494,849
Net Utility Plant in Service	21,103,993	20,802,729
Construction Work in Progress	971,318	961,490
Total Capital Assets	22,075,311	21,764,219
Total Assets	\$ 30,674,472	\$ 30,385,077
LIABILITIES		
Current Liabilities Payable from Current Assets:		
Vouchers and Accounts Payable	\$ 73,985	\$ 31,266
Due Other Governmental Units	14,534	15,929
Security Deposits	49,828	38,268
Accrued Employee Liabilities	58,262	59,327
Accrued Wages	30,320	26,568
Unearned Revenue	3,709	4,007
Total Current Liabilities Payable From Current Assets	230,638	175,365
Current Assets		
Long-Term Liabilities (Net of Current Portion):		
Other Postemployment Benefits Payable	77,784	65,235
Total Liabilities	308,422	240,600
NET POSITION		
Net Investment in Capital Assets	22,075,311	21,764,219
Restricted for Impact Assessments	787,120	780,614
Unrestricted	7,503,619	7,599,644
Total Net Position	30,366,050	30,144,477
Total Liabilities and Net Position	\$ 30,674,472	\$ 30,385,077

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Sales of Water:		
Residential	\$ 958,666	\$ 1,006,429
Commercial	353,173	390,690
Industrial	18,781	19,981
Public Authorities	41,972	46,644
Metered Sales to Temporary Customers	22,553	22,102
Public Fire Protection	696,711	684,831
Private Fire Protection	137,117	135,828
Total Sales of Water	<u>2,228,973</u>	<u>2,306,505</u>
Other Operating Revenues:		
Forfeited Discounts	35,689	44,744
Tower Leasing	221,967	243,501
Meter Charge to Sewer	180,763	155,136
Other Operating Revenues	28,928	25,134
Total Other Operating Revenues	<u>467,347</u>	<u>468,515</u>
Total Operating Revenues	<u>2,696,320</u>	<u>2,775,020</u>
OPERATING EXPENSES:		
Operation and Maintenance	1,671,908	1,621,238
Depreciation	761,414	727,215
Total Operating Expenses	<u>2,433,322</u>	<u>2,348,453</u>
OPERATING INCOME	262,998	426,567
NONOPERATING REVENUES (EXPENSES):		
Investment Income	267,965	(156,297)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>530,963</u>	<u>270,270</u>
CAPITAL CONTRIBUTIONS:		
Plant Contributed by Developers	-	233,815
Impact Fees Applied	76,558	266,348
Total Capital Contributions	<u>76,558</u>	<u>500,163</u>
TRANSFERS:		
Transfer to General Fund	(385,948)	(424,804)
CHANGE IN NET POSITION	221,573	345,629
Net Position, January 1	<u>30,144,477</u>	<u>29,798,848</u>
NET POSITION, DECEMBER 31	<u>\$ 30,366,050</u>	<u>\$ 30,144,477</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,865,181	\$ 1,957,596
Cash Received for Public Fire Protection	696,711	684,831
Cash Received for Sewer Share of Meter Related Expense	180,763	155,136
Cash Payments to Suppliers for Goods and Services	(711,353)	(744,001)
Cash Payments for Employee Services	(902,492)	(872,800)
Net Cash Provided by Operating Activities	<u>1,128,810</u>	<u>1,180,762</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Payments for Tax Equivalents	<u>(385,948)</u>	<u>(424,804)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Payments for Capital Assets	(1,044,869)	(257,028)
Cash Payments for Removal of Capital Assets	(27,637)	-
Cash Received for Impact Fees	76,558	266,348
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(995,948)</u>	<u>9,320</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on Investments	<u>267,965</u>	<u>(156,297)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,879	608,981
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>7,828,935</u>	<u>7,219,954</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 7,843,814</u>	<u>\$ 7,828,935</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 262,998	\$ 426,567
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	761,414	727,215
(Increase) Decrease in Assets:		
Customer Accounts Receivable	16,783	(40,875)
Accounts Receivable on Tax Roll	1,240	23,087
Other Accounts Receivable	10,736	51,538
Due from Other Governmental Units	6,314	(1,971)
Inventories	1,503	(194)
Increase (Decrease) in Liabilities:		
Accounts Payable	42,719	(15,227)
Special Deposits	11,560	(13,243)
Accrued Wages	3,752	4,244
Accrued Employee Benefits	11,484	13,652
Unearned Revenue	(298)	4,007
Due to Other Governmental Units	(1,395)	1,962
	<u>\$ 1,128,810</u>	<u>\$ 1,180,762</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 7,056,694	\$ 7,048,321
Cash and Investments - Restricted	787,120	780,614
Cash and Cash Equivalents	<u>\$ 7,843,814</u>	<u>\$ 7,828,935</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital Assets Financed by Customers and Developers	\$ -	\$ 233,815

CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)

	2014	2013
Pumping:		
Salaries and Wages	\$ 76,038	\$ 75,154
Fringe Benefits	37,816	39,413
Power Purchased for Pumping	167,934	153,688
Operating Supplies	55,190	54,474
Maintenance of Structures and Improvements	18,390	109,567
Maintenance of Pumping Plant	38,361	3,273
Total Pumping	393,729	435,569
Water Treatment:		
Salaries and Wages	47,654	41,723
Fringe Benefits	24,893	22,389
Operating Supplies	19,251	6,759
Chemicals	27,737	25,735
Maintenance Supplies	10,190	1,318
Total Water Treatment	129,725	97,924
Transmission and Distribution:		
General Transmission and Distribution Expenses:		
Salaries and Wages	204,423	202,123
Fringe Benefits	98,239	98,984
Operating Supplies	25,669	4,897
Maintenance Supplies	556	161
Maintenance:		
Reservoirs and Towers:		
Salaries and Wages	512	79
Fringe Benefits	284	49
Other Expenses	2,634	6,300
Mains:		
Salaries and Wages	475	11
Fringe Benefits	575	301
Payment to North Hudson	98,382	106,576
Other Expenses	35,956	61,486
Services:		
Salaries and Wages	2,888	26
Fringe Benefits	1,021	108
Other Expenses	4,263	2,698

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
Transmission and Distribution (Continued):		
Maintenance (Continued):		
Meters:		
Salaries and Wages	\$ 31,600	\$ 39,744
Fringe Benefits	21,988	18,146
Other Expenses	47,975	8,213
Hydrants:		
Salaries and Wages	3,975	7,906
Fringe Benefits	1,334	763
Other Expenses	3,761	-
Total Transmission and Distribution	<u>586,510</u>	<u>558,571</u>
Meter Reading:		
Salaries and Wages	4,994	10,117
Fringe Benefits	10,340	4,711
Other Expenses	1,733	1,733
Total Meter Reading	<u>17,067</u>	<u>16,561</u>
Customer Accounting and Collection:		
Salaries and Wages	24,301	24,090
Fringe Benefits	15,376	15,571
Other Expenses	11,349	9,252
Total Customer Accounting and Collection	<u>51,026</u>	<u>48,913</u>
Administrative and General:		
Salaries and Wages	200,972	195,729
Fringe Benefits	103,627	90,088
Office Supplies and Expenses	29,499	27,420
Outside Services Employed	57,024	51,715
Insurance (except transportation)	46,648	47,337
Rents	4,800	4,800
Miscellaneous General Expense	2,582	2,796
Transportation:		
Salaries and Wages	2,541	1,894
Fringe Benefits	1,862	1,577
Insurance	3,452	5,583
Other Expenses	35,929	28,609
Maintenance of General Plant	4,915	6,152
Total Administrative and General	<u>493,851</u>	<u>463,700</u>
Total Operation and Maintenance Expenses	<u><u>\$ 1,671,908</u></u>	<u><u>\$ 1,621,238</u></u>

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	2014	2013
ASSETS		
Current Assets:		
Cash and Investments:		
Operations	\$ 418,011	\$ 335,878
Future Facilities Account (Net of Debt Restriction)	4,478,277	4,507,164
Customer Accounts Receivable	390,037	395,704
Accounts Receivable on Tax Roll	63,198	67,870
Other Accounts Receivable	21,310	7,479
Due from Biosolids Facility:		
Current Portion of CWF Loan	116,658	113,071
Accrued Interest on CWF Loan	1,234	1,215
Due from Other Governmental Units	32,076	28,562
Total Current Assets	5,520,801	5,456,943
Restricted Assets:		
Cash and Investments:		
Revenue Bond Reserve Account	712	706
Revenue Bond Depreciation Account	155,090	153,556
Bond Redemption Account (from Future Facilities Account)	190,000	190,000
DNR Grant Replacement Account	1,793,909	1,803,722
Total Restricted Assets	2,139,711	2,147,984
Capital Assets:		
Utility Plant in Service	12,332,522	12,254,253
Less: Accumulated Depreciation	6,987,488	6,618,347
Net Capital Assets	5,345,034	5,635,906
Other Assets:		
Advance to Biosolids Facility:		
Clean Water Fund Loan (Less Current Portion)	-	116,658
Public Facilities Grant	19,976	63,476
Total Other Assets	19,976	180,134
Total Assets	\$ 13,025,522	\$ 13,420,967

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	2014	2013
LIABILITIES		
Current Liabilities Payable from Current Assets:		
Vouchers and Accounts Payable	\$ 82,147	\$ 27,366
Due to Other Governmental Units	21,529	22,732
Accrued Interest Payable	617	1,215
Accrued Employee Liabilities	29,314	35,622
Accrued Wages	23,346	19,793
Unearned Revenue	19,976	63,476
Current Portion of Long-Term Bonds	116,658	113,071
Total Current Liabilities Payable From Current Assets	293,587	283,275
Current Liabilities Payable From Restricted Assets:		
Accrued Interest Payable	3,804	4,691
Current Portion of Revenue Bonds	191,804	186,488
Total Current Liabilities Payable From Restricted Assets	195,608	191,179
Long-Term Liabilities (Less Current Portion):		
Other Postemployment Benefits Payable	43,117	33,705
Mortgage Revenue Bonds	608,849	917,311
Total Long-Term Liabilities (Net of Current Portion):	651,966	951,016
Total Liabilities	1,141,161	1,425,470
NET POSITION		
Net Investment in Capital Assets	4,544,381	4,648,765
Restricted for Debt Service	341,998	339,571
Restricted for Asset Replacement	1,793,909	1,803,722
Unrestricted	5,204,073	5,203,439
Total Net Position	11,884,361	11,995,497
Total Liabilities and Net Position	\$ 13,025,522	\$ 13,420,967

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014	2013
OPERATING REVENUES:		
Charges for Services:		
Residential	\$ 1,144,392	\$ 1,156,568
Commercial	321,288	326,628
Industrial	15,560	16,646
Public Authority	39,898	39,013
Less Charges for City/Village Replacement Accounts	(67,704)	(68,677)
Net Charges for Services	1,453,434	1,470,178
Other:		
Forfeited Discounts	16,819	11,557
Dam Maintenance Charges	7,053	5,010
Other	3,762	58,524
Total Operating Revenues	1,481,068	1,545,269
OPERATING EXPENSES:		
Operation and Maintenance	1,581,301	1,494,578
Depreciation	369,141	340,885
Total Operating Expenses	1,950,442	1,835,463
OPERATING LOSS	(469,374)	(290,194)
NONOPERATING REVENUES (EXPENSES):		
Investment Income	260,800	(153,892)
Interest on Advance to Biosolids Facility	5,495	9,028
Hook-up Fees:		
City	148,853	237,945
Village	-	2,900
Sale of Business Park Land	29,640	-
Interest on Long-Term Debt	(29,496)	(38,315)
Net Amortization of Debt Discount and Expense	-	(355)
Total Nonoperating Revenues (Expenses)	415,292	57,311
INCOME (LOSS) BEFORE TRANSFERS	(54,082)	(232,883)
TRANSFERS:		
Transfer to General Fund	(57,054)	(57,072)
CHANGE IN NET POSITION	(111,136)	(289,955)
Net Position, January 1	11,995,497	12,285,452
NET POSITION, DECEMBER 31	\$ 11,884,361	\$ 11,995,497

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Utility Customers	\$ 1,538,227	\$ 1,643,397
Cash Received for Dam Maintenance	7,053	5,010
Cash Paid for City/Village Surcharges	(72,421)	(93,355)
Cash Paid for Sewer Share of Meter Related Expense	(180,810)	(156,344)
Cash Payments to Suppliers for Goods and Services	(671,711)	(809,339)
Cash Payments for Employee Services	(667,342)	(678,561)
Net Cash Provided by (Used for) Operating Activities	<u>(47,004)</u>	<u>(89,192)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Payments for Tax Equivalents	<u>(57,054)</u>	<u>(57,072)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Payments for Capital Assets	(78,269)	(649,321)
Cash Received as Utility Hook-up Fees	148,853	240,845
Cash Received for Business Park Land Sales	29,640	-
Principal Paid on Long-Term Debt	(186,488)	(181,317)
Interest Paid on Long-Term Debt	(25,505)	(30,148)
Net Cash Used for Capital and Related Financing Activities	<u>(111,769)</u>	<u>(619,941)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on Investments	<u>260,800</u>	<u>(153,892)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	44,973	(920,097)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>6,991,026</u>	<u>7,911,123</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 7,035,999</u>	<u>\$ 6,991,026</u>

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014	2013
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Loss	\$ (469,374)	\$ (290,194)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	369,141	340,885
(Increase) Decrease in Assets:		
Customer Accounts Receivable	5,667	7,020
Accounts Receivable on Tax Roll	4,672	13,063
Other Accounts Receivable	(13,831)	14,378
Due from Other Governments	(3,514)	2,270
Increase (Decrease) in Liabilities:		
Accounts Payable	54,781	(168,124)
Accrued Wages	3,553	3,474
Due to Other Government Units	(1,203)	(26,948)
Accrued Employee Benefits	3,104	14,984
	<u>\$ (47,004)</u>	<u>\$ (89,192)</u>
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 4,896,288	\$ 4,843,042
Cash and Investments - Restricted	2,139,711	2,147,984
	<u>\$ 7,035,999</u>	<u>\$ 6,991,026</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Utility Long-Term Debt Paid Directly by Biosolids Facility:		
Principal Repaid	\$ 113,071	\$ 109,593
Interest Paid	5,495	9,028

CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)

	<u>2014</u>	<u>2013</u>
Collection System:		
Salaries and Related Costs	\$ 56,040	\$ 36,682
Supplies	-	13
Other Services and Charges	31,824	10,780
Total Collection System	<u>87,864</u>	<u>47,475</u>
Wastewater Treatment Plant:		
Salaries and Related Costs	388,486	441,913
Supplies	59,866	65,218
Biosolids Charges	310,114	322,888
Other Services and Charges	229,446	147,969
Total Wastewater Treatment Plant	<u>987,912</u>	<u>977,988</u>
Lift Stations:		
Salaries and Related Costs	31,627	33,334
Supplies	250	415
Other Services and Charges	18,152	19,483
Total Lift Stations	<u>50,029</u>	<u>53,232</u>
Dams:		
Salaries and Related Costs	6,527	4,506
Other Services and Charges	526	504
Total Dams	<u>7,053</u>	<u>5,010</u>
Meter Reading:		
Salaries and Related Costs	16,007	15,016
Supplies	5,529	6,121
Meter Use Charge Paid to Water Utility	180,810	156,344
Total Meter Reading	<u>202,346</u>	<u>177,481</u>
Administrative and General:		
Salaries and Related Costs	175,312	165,568
Supplies	3,230	2,910
Insurance	46,267	42,918
Other Services and Charges	21,288	21,996
Total Administrative and General	<u>246,097</u>	<u>233,392</u>
 Total Operation and Maintenance Expenses	 <u>\$ 1,581,301</u>	 <u>\$ 1,494,578</u>

**CITY OF HUDSON, WISCONSIN
PARKING UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets:		
Cash and Investments:		
Operations	\$ 347,815	\$ 376,137
Future Facilities	-	94,199
Accounts Receivable	6,918	682
Special Assessments	62,169	-
Receivable on Tax Roll	8,881	-
Total Current Assets	<u>425,783</u>	<u>471,018</u>
Capital Assets:		
Utility Plant in Service	1,794,350	1,365,188
Less Accumulated Depreciation	372,391	336,792
Total Capital Assets	<u>1,421,959</u>	<u>1,028,396</u>
 Total Assets	 <u>\$ 1,847,742</u>	 <u>\$ 1,499,414</u>
LIABILITIES		
Current Liabilities:		
Vouchers and Accounts Payable	\$ 199,477	\$ 3,836
Accrued Wages	2,837	1,774
Unearned Revenue	600	-
Security Deposit	125	125
Total Current Liabilities	<u>203,039</u>	<u>5,735</u>
NET POSITION		
Net Investment in Capital Assets	1,421,959	1,028,396
Unrestricted	222,744	465,283
Total Net Position	<u>1,644,703</u>	<u>1,493,679</u>
 Total Liabilities and Net Position	 <u>\$ 1,847,742</u>	 <u>\$ 1,499,414</u>

**CITY OF HUDSON, WISCONSIN
 PARKING UTILITY ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2014
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014	2013
OPERATING REVENUES:		
Parking Meters	\$ 114,775	\$ 113,400
Parking Permits	10,967	10,171
Parking Tickets	51,120	84,513
Other	5,077	3,939
Total Operating Revenues	181,939	212,023
OPERATING EXPENSES:		
Operation and Maintenance:		
General Utility	73,787	75,122
Parking Lots	4,476	1,898
Meters	1,850	1,825
Total Operation and Maintenance	80,113	78,845
Depreciation	35,599	25,048
Total Operating Expenses	115,712	103,893
OPERATING INCOME	66,227	108,130
NONOPERATING REVENUES (EXPENSES):		
Investment Income	14,797	(8,394)
Other Nonoperating Revenues	70,000	-
Total Nonoperating Revenues (Expenses)	84,797	(8,394)
CHANGE IN NET POSITION	151,024	99,736
Net Position, January 1	1,493,679	1,393,943
NET POSITION, DECEMBER 31	\$ 1,644,703	\$ 1,493,679

**CITY OF HUDSON, WISCONSIN
PARKING UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 120,106	\$ 123,949
Cash Received from Parking Forfeitures	55,147	88,452
Cash Payments to Suppliers for Goods and Services	(7,100)	(22,957)
Cash Payments for Employee Services	(52,749)	(53,439)
Net Cash Provided by Operating Activities	115,404	136,005
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Payments for Capital Assets	(252,722)	-
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on Investments	14,797	(8,394)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(122,521)	127,611
 CASH AND CASH EQUIVALENTS, JANUARY 1	470,336	342,725
 CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 347,815	\$ 470,336
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 66,227	\$ 108,130
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	35,599	25,048
(Increase) Decrease in Assets:		
Accounts Receivable	(6,236)	378
Other Receivables	(1,050)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	19,201	2,168
Accrued Wages Payable	1,063	281
Unearned Revenue	600	-
Net Cash Provided by Operating Activities	\$ 115,404	\$ 136,005

**CITY OF HUDSON, WISCONSIN
AMBULANCE SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2014**

(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)

	2014	2013
ASSETS		
Current Assets:		
Cash and Investments		
Operations	\$ 527,446	\$ 487,088
Asset Replacement	26,099	25,883
Accounts Receivable:		
Customer/Patient	334,253	284,337
Allowance for Doubtful Accounts	(89,812)	(106,317)
Total Current Assets	797,986	690,991
Capital Assets:		
Ambulance Equipment In Service	801,698	762,637
Less: Accumulated Depreciation	443,713	379,007
Net Capital Assets	357,985	383,630
 Total Assets	\$ 1,155,971	\$ 1,074,621
LIABILITIES		
Current Liabilities:		
Vouchers and Accounts Payable	\$ 24,213	\$ 21,792
Accrued Wages	18,104	16,585
Accrued Employee Liabilities	17,350	9,231
Advances from Other Funds	58,274	56,554
Unearned Revenue	7,141	6,486
Total Current Liabilities	125,082	110,648
Long-Term Liabilities:		
Advances from Other Funds (Net of Current Portion)	74,264	132,538
Other Postemployment Benefits	35,156	27,312
Total Long-Term Liabilities:	109,420	159,850
 Total Liabilities	234,502	270,498
NET POSITION		
Net Investment in Capital Assets	225,447	194,538
Unrestricted	696,022	609,585
Total Net Position	921,469	804,123
 Total Liabilities and Net Position	\$ 1,155,971	\$ 1,074,621

CITY OF HUDSON, WISCONSIN
AMBULANCE SERVICE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)

	2014	2013
OPERATING REVENUES:		
Patient Revenue:		
Charges	\$ 2,008,041	\$ 1,909,015
Less Adjustments	(866,153)	(742,773)
Intergovernmental:		
State Grant	6,486	7,242
Contracts:		
City	171,431	169,156
Others	180,115	179,764
Other	632	1,020
	<u>1,500,552</u>	<u>1,523,424</u>
OPERATING EXPENSES:		
Operation and Maintenance:		
Salaries and Related Costs	869,775	828,081
Other Services and Charges	253,129	260,573
Operating Supplies and Expenses	126,621	130,105
Insurance	71,192	61,886
Building Use Payment to City	2,220	2,220
Total Operation and Maintenance	<u>1,322,937</u>	<u>1,282,865</u>
Depreciation	64,706	60,745
	<u>1,387,643</u>	<u>1,343,610</u>
	<u>112,909</u>	<u>179,814</u>
NONOPERATING REVENUES (EXPENSES):		
Investment Income	9,036	(4,447)
Donations	300	9,700
Gain/Loss on Sale of Capital Assets	-	2,000
Interest Expense	(4,899)	(6,569)
	<u>4,437</u>	<u>684</u>
CHANGE IN NET POSITION	<u>117,346</u>	<u>180,498</u>
Net Position, January 1	<u>804,123</u>	<u>623,625</u>
NET POSITION, DECEMBER 31	<u>\$ 921,469</u>	<u>\$ 804,123</u>

**CITY OF HUDSON, WISCONSIN
AMBULANCE SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers/Patients	\$ 1,070,210	\$ 1,116,225
Cash Received from Government Subsidies/Contracts/Grants	359,319	366,157
Cash Payments to Suppliers for Goods and Services	(450,741)	(469,461)
Cash Payments for Employee Services	(847,036)	(799,582)
Net Cash Provided by (Used for) Operating Activities	<u>131,752</u>	<u>213,339</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Received for Donations	<u>300</u>	<u>9,700</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Payments for Capital Assets	(39,061)	(58,554)
Cash Received for Salvage of Capital Assets	-	2,000
Cash Paid on General Fund Advance	(56,554)	(54,883)
Cash Paid for Interest on Advance	(4,899)	(6,569)
Net Cash Provided by (Used for) Capital Financing Activities	<u>(100,514)</u>	<u>(118,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on Investments	<u>9,036</u>	<u>(4,447)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	40,574	100,586
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>512,971</u>	<u>412,385</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 553,545</u>	<u>\$ 512,971</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 112,909	\$ 179,814
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
Used for Operating Activities:		
Depreciation	64,706	60,745
Allowance for Customer/Patient Accounts Receivable	(16,505)	(20,033)
(Increase) Decrease in Assets:		
Customer/Patient Accounts Receivable	(49,916)	(15,227)
Due From Other Governments	-	9,731
Increase (Decrease) in Liabilities:		
Unearned Revenues	655	(756)
Accrued Employee Liabilities	17,482	13,742
Accounts Payable	2,421	(14,677)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 131,752</u>	<u>\$ 213,339</u>