

CITY OF HUDSON, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**CITY OF HUDSON, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	18
STATEMENT OF ACTIVITIES	20
BALANCE SHEET — GOVERNMENTAL FUNDS	21
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES	22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS	23
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	25
STATEMENT OF NET POSITION — PROPRIETARY FUNDS	26
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — PROPRIETARY FUNDS	28
STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS	29
STATEMENT OF FIDUCIARY NET POSITION	31
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	32
NOTES TO BASIC FINANCIAL STATEMENTS	33
REQUIRED SUPPLEMENTARY INFORMATION	
1 — BUDGETARY COMPARISON SCHEDULE — GENERAL FUND	75
2 — SCHEDULE OF PROPORTIONATE SHARE OF WISCONSIN RETIREMENT SYSTEM NET PENSION (ASSET) LIABILITY — LAST TEN FISCAL YEARS	76
3 — SCHEDULE OF CITY'S CONTRIBUTION TO WISCONSIN RETIREMENT SYSTEM — LAST TEN FISCAL YEARS	77
4 — SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS — LAST TEN FISCAL YEARS	78
5 — SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN — LAST TEN FISCAL YEARS	79
6 — SCHEDULE OF CITY'S CONTRIBUTIONS TO WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN — LAST TEN FISCAL YEARS	80
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	81

**CITY OF HUDSON, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020**

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

A-1 — COMBINING BALANCE SHEET	82
A-2 — COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	83

GENERAL FUND

B-1 — DETAILED BALANCE SHEET	84
B-2 — STATEMENT OF CHANGES IN FUND BALANCE	85
B-3 — DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL	86

WATER UTILITY ENTERPRISE FUND

D-1 — STATEMENT OF NET POSITION	92
D-2 — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	94
D-3 — STATEMENT OF CASH FLOWS	95
D-4 — SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	97

SEWER UTILITY ENTERPRISE FUND

D-5 — STATEMENT OF NET POSITION	99
D-6 — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	101
D-7 — STATEMENT OF CASH FLOWS	102
D-8 — SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	104

PARKING UTILITY ENTERPRISE FUND

D-9 — STATEMENT OF NET POSITION	105
D-10 — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	106
D-11 — STATEMENT OF CASH FLOWS	107

AMBULANCE SERVICE ENTERPRISE FUND

D-12 — STATEMENT OF NET POSITION	108
D-13 — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	109
D-14 — STATEMENT OF CASH FLOWS	110

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The City Council
City of Hudson
Hudson, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin (City) as of and for the year ended December 31, 2020, 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, 2020, 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, Wisconsin Retirement System pension plan schedules, and other postemployment benefits schedules, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual and combining fund statements and schedules for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 for the year ended December 31, 2020.

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, 2019 (not presented herein), and have issued our report dated September 14, 2020, which 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. The audit was conducted for the purposes of forming an opinion on the basic financial statements as a whole. The individual fund statements and schedules for the year ended December 31, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 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 2019 individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.



CliftonLarsonAllen LLP

Hudson, Wisconsin
October 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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, 2020. 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, 2020 include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$93,082,604 (net position). Of this amount, \$68,197,210 represented the City's net investment in capital assets, \$8,427,115 was held for restricted purposes, and \$16,458,279 was unrestricted. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position increased \$1,782,538. Net position related to the business-type activities of the City increased \$679,412, while net position related to governmental activities increased \$1,103,126.
- At the end of 2020, the City's governmental funds reported combined ending fund balances of \$12,928,041, a decrease of \$2,647,845 from the previous year. This decrease was largely attributable to unspent debt proceeds in the capital projects fund at the end of the prior year being spent in the current year.
- During the year, the general fund balance increased \$72,793. At the end of 2020, the unassigned general fund balance totaled \$4,987,159 or 48.9% of the general fund expenditures. The City has assigned \$545,902 of its general fund balance, which together with the year-end unassigned balance, represented 54.2% of general fund expenditures.
- The City's outstanding long-term debt and other long-term obligations decreased \$2,307,704 during the current fiscal year. The City did not issue debt during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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

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

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

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

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

Fund Financial Statements

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

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

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

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the City's operating budget. Required supplementary information can be found beginning on page 76 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 83.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$93,082,604 at the close of 2020. The largest portion of this net position (73%) reflects the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, plant in service and construction in progress, net of related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

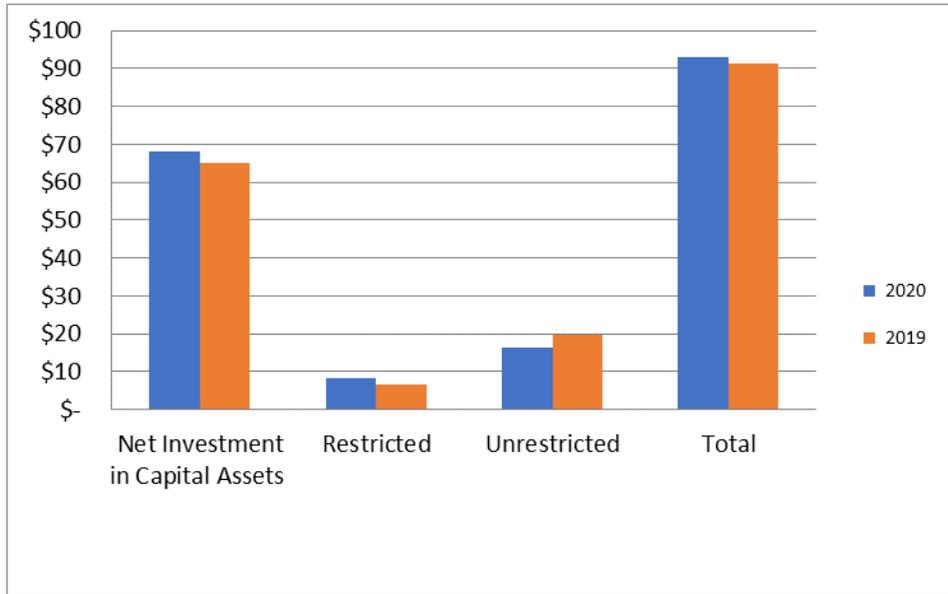
**Condensed Statement of Net Position
December 31, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 26,444,831	\$ 27,961,481	\$ 14,151,719	\$ 14,973,422	\$ 40,596,550	\$ 42,934,903
Capital Assets	54,263,464	52,757,053	37,100,569	34,685,816	91,364,033	87,442,869
Internal Balances	(52,284)	-	52,284	-	-	-
Total Assets	<u>80,656,011</u>	<u>80,718,534</u>	<u>51,304,572</u>	<u>49,659,238</u>	<u>131,960,583</u>	<u>130,377,772</u>
Deferred Outflows of Resources	3,123,901	3,714,921	521,705	611,189	3,645,606	4,326,110
Long-Term Debt Outstanding	20,081,116	22,352,916	2,405,836	2,525,647	22,486,952	24,878,563
Other Long-Term Obligations	597,742	514,032	-	-	597,742	514,032
Other Liabilities	2,088,702	5,105,179	1,723,568	1,132,157	3,812,270	6,237,336
Total Liabilities	<u>22,767,560</u>	<u>27,972,127</u>	<u>4,129,404</u>	<u>3,657,804</u>	<u>26,896,964</u>	<u>31,629,931</u>
Deferred Inflows of Resources	14,897,461	11,449,563	729,160	324,322	15,626,621	11,773,885
Net Position:						
Net Investment in						
Capital Assets	34,477,969	32,721,670	33,719,241	32,245,797	68,197,210	64,967,467
Restricted	5,554,536	4,027,628	2,872,579	2,652,122	8,427,115	6,679,750
Unrestricted	6,082,386	8,262,467	10,375,893	11,390,382	16,458,279	19,652,849
Total Net Position	<u>\$ 46,114,891</u>	<u>\$ 45,011,765</u>	<u>\$ 46,967,713</u>	<u>\$ 46,288,301</u>	<u>\$ 93,082,604</u>	<u>\$ 91,300,066</u>

An additional portion of the City's net position (9%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$16,458,279 of total net position (18%) may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note that \$10,375,893 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, 2020**

The following chart shows the comparison of the three components of net position for the years 2020 and 2019 (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, 2020, shows total net position increased \$1,103,126 (2.4%) from the prior year. The primary reason is due to the City receiving more in intergovernmental funding.

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, 2020, shows total net position increased \$679,412 (1.4%) from the prior year. The key reason for this increase is due to increased user rates.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

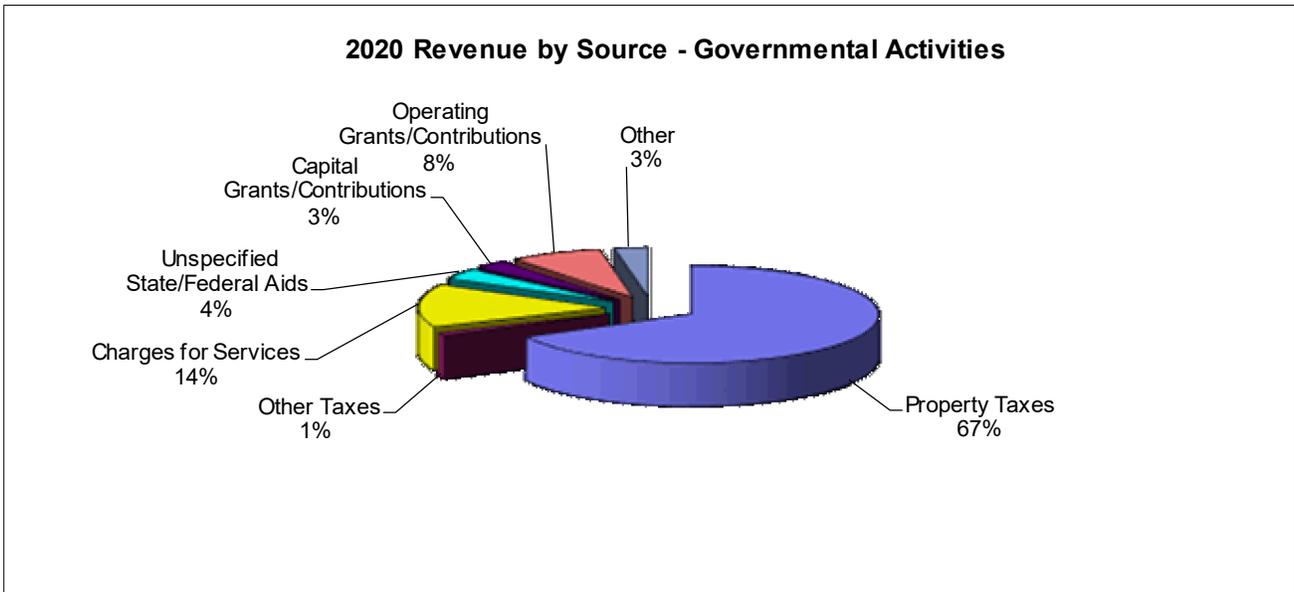
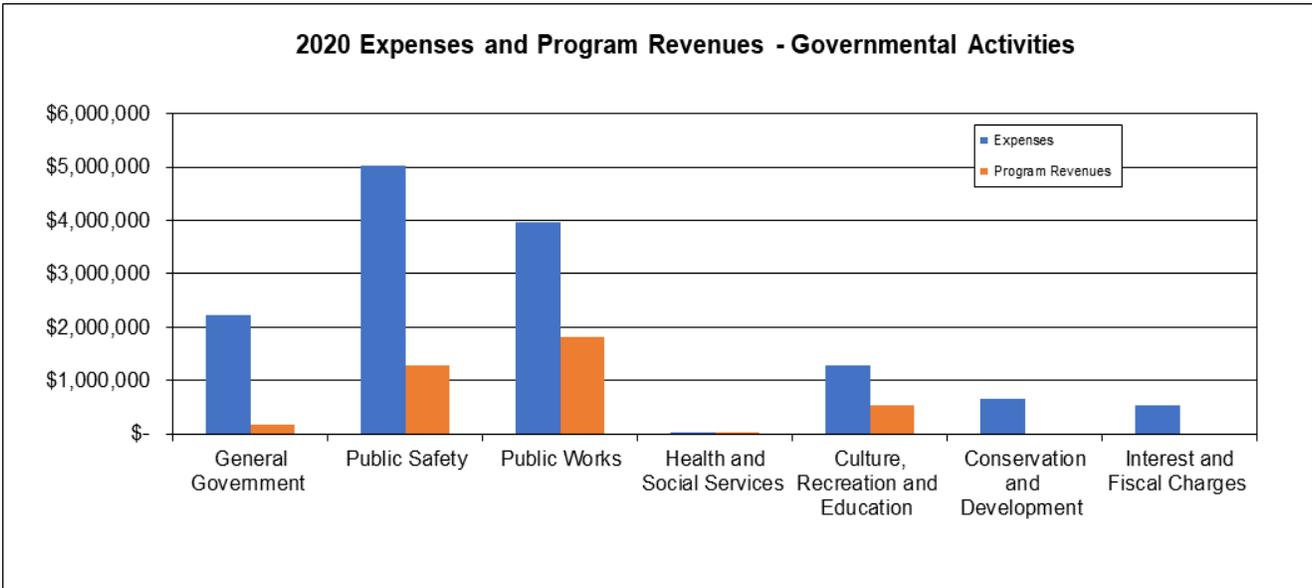
The following is a summary of the changes in the City's net position for the years ended December 31, 2020 and 2019:

**Condensed Statement of Changes in Net Position
December 31, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,027,713	\$ 1,876,252	\$ 6,248,862	\$ 6,502,186	\$ 8,276,575	\$ 8,378,438
Operating Grants and Contributions	1,116,043	937,271	-	-	1,116,043	937,271
Capital Grants and Contributions	409,305	257,184	650,645	1,821,660	1,059,950	2,078,844
General Revenues:						
Property Taxes	9,515,785	8,783,932	-	-	9,515,785	8,783,932
Other Taxes	176,268	275,054	-	-	176,268	275,054
State and Federal Aids not Restricted to Specific Programs	498,358	228,102	-	-	498,358	228,102
Other	402,221	828,594	117,408	212,913	519,629	1,041,507
Total Revenues	<u>14,145,693</u>	<u>13,186,389</u>	<u>7,016,915</u>	<u>8,536,759</u>	<u>21,162,608</u>	<u>21,723,148</u>
Expenses:						
General Government	2,251,861	2,301,530	-	-	2,251,861	2,301,530
Public Safety	5,037,086	5,365,790	-	-	5,037,086	5,365,790
Public Works	3,870,778	5,033,409	-	-	3,870,778	5,033,409
Health and Social Services	19,451	14,905	-	-	19,451	14,905
Culture, Recreation, and Education	1,290,329	1,339,746	-	-	1,290,329	1,339,746
Conservation and Development	656,378	620,317	-	-	656,378	620,317
Interest and Fiscal Charges	490,663	760,455	-	-	490,663	760,455
Water	-	-	3,455,228	3,171,874	3,455,228	3,171,874
Sewage Treatment	-	-	1,991,782	2,419,370	1,991,782	2,419,370
Parking Facility	-	-	277,321	202,094	277,321	202,094
Ambulance Services	-	-	39,193	1,212,944	39,193	1,212,944
Total Expenses	<u>13,616,546</u>	<u>15,436,152</u>	<u>5,763,524</u>	<u>7,006,282</u>	<u>19,380,070</u>	<u>22,442,434</u>
Change in Net Position before Transfers	529,147	(2,249,763)	1,253,391	1,530,477	1,782,538	(719,286)
Transfers	573,979	541,087	(573,979)	(541,087)	-	-
Change in Net Position	1,103,126	(1,708,676)	679,412	989,390	1,782,538	(719,286)
Net Position - Beginning of Year	45,011,765	46,720,441	46,288,301	45,298,911	91,300,066	92,019,352
Net Position - End of Year	<u>\$ 46,114,891</u>	<u>\$ 45,011,765</u>	<u>\$ 46,967,713</u>	<u>\$ 46,288,301</u>	<u>\$ 93,082,604</u>	<u>\$ 91,300,066</u>

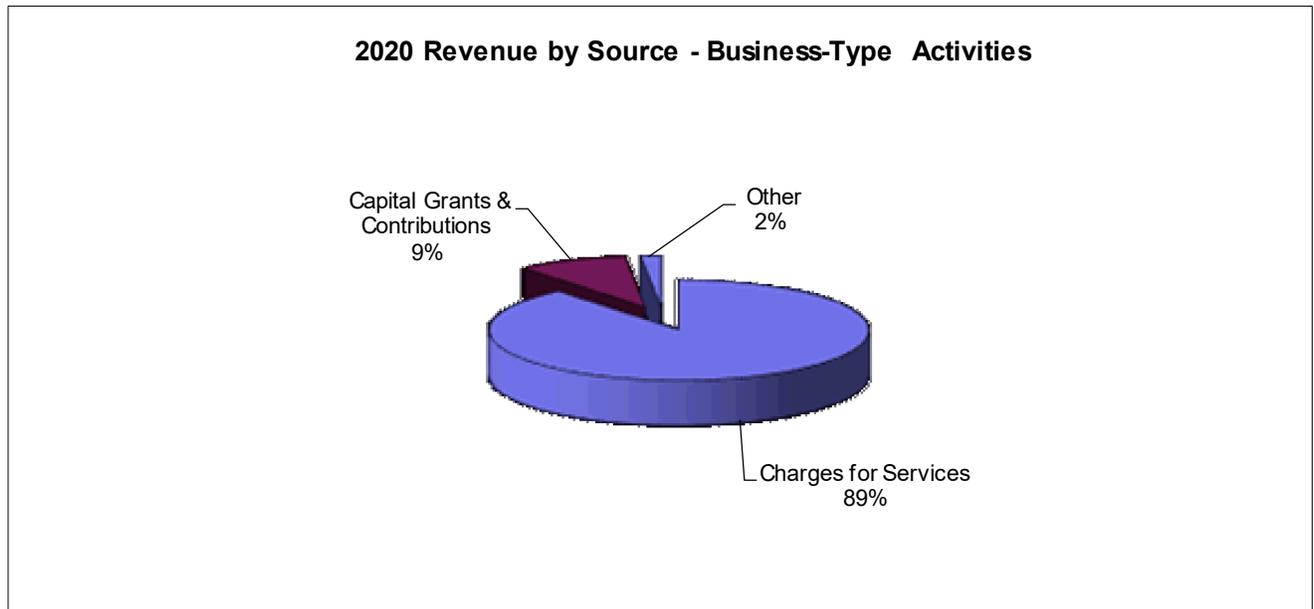
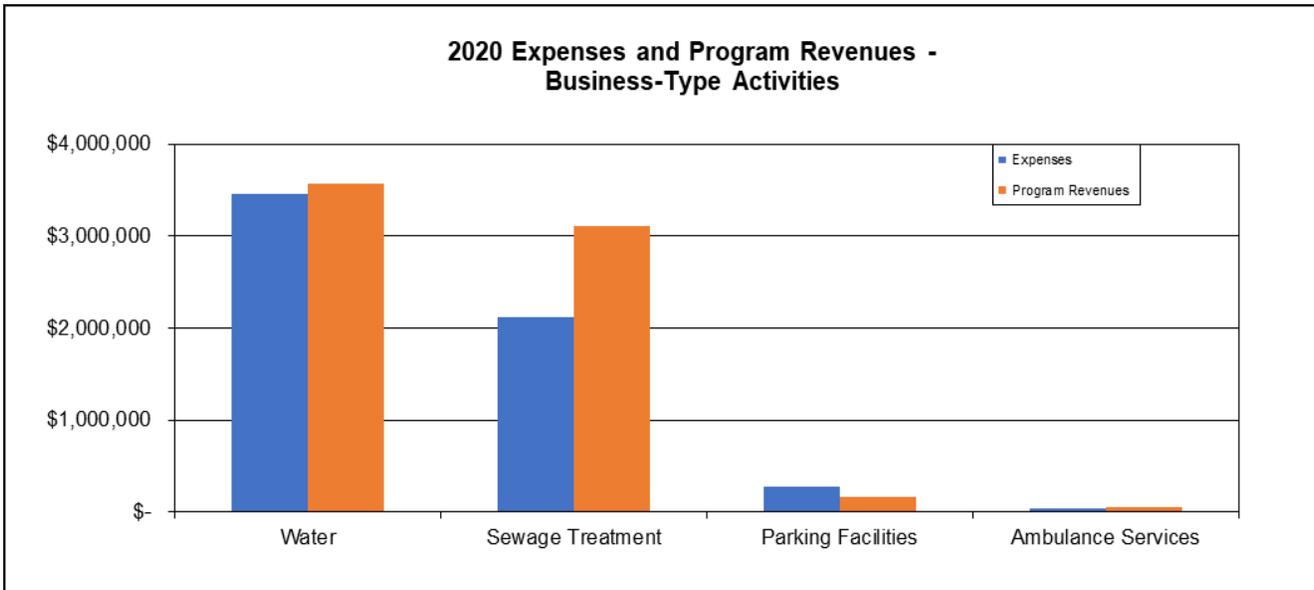
A review of the statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The following charts draw data from the statement of activities.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**



As shown above, the City is highly dependent on property taxes (67%) as its principal source of revenues for governmental activities. Program revenues represent 25% of governmental activities revenue.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**



In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (89%) replace property taxes as the primary revenue. Grants and contributions consist primarily of impact fees collected for the water utility and hook-up fees for sewer services.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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, 2020, the City's governmental funds reported combined ending fund balances of \$12,928,041, a decrease of \$2,647,845 from the previous year, which is primarily a result of unspent debt proceeds in the capital projects fund at the end of the prior year being spent in the current year. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/2020					Total	Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds:							
General Fund	\$ 73,069	\$ -	\$ -	\$ 545,902	\$ 4,987,159	\$ 5,606,130	\$ 72,793
Impact Fees Fund	-	1,645,804	-	-	-	1,645,804	107,601
Debt Service Fund	-	-	-	-	-	-	(260,153)
Capital Projects Fund	-	307,486	1,992,618	-	-	2,300,104	(3,141,646)
Nonmajor Funds:							
Room Tax Fund	-	-	137,332	-	-	137,332	9,911
Sewer Collection System Replacement Fund	-	-	1,149,921	-	-	1,149,921	55,490
Parks Dedication Fees Fund	-	695,568	-	-	-	695,568	4,529
Police Donations Fund	-	49,877	-	-	-	49,877	13,362
Police Drug Forfeitures Fund	-	1,372	-	-	-	1,372	11
Business Park Revolving Loan Fund	-	583,938	-	-	-	583,938	4,761
Storm Water MS-4 Fund	-	160,495	-	-	-	160,495	1,298
Storm Water Fund	-	468,047	-	-	-	468,047	105,529
Tax Incremental District #5 Fund	-	146,157	-	-	-	146,157	211,481
Tax Incremental District #6 Fund	-	-	-	-	(16,704)	(16,704)	167,188
Total	<u>\$ 73,069</u>	<u>\$ 4,058,744</u>	<u>\$ 3,279,871</u>	<u>\$ 545,902</u>	<u>\$ 4,970,455</u>	<u>\$ 12,928,041</u>	<u>\$ (2,647,845)</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 55.0% of total general fund expenditures reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance represented 48.9% of the same amount. The City has assigned \$545,902 of its general fund balance which combined with the year-end unassigned balance of \$4,987,159, represented 54.2% of that same amount.

The general fund's total fund balance increased \$72,793 during the year, which is primarily due to the City receiving more intergovernmental funding than expected.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

The impact fees fund, a special revenue fund, had a balance of \$1,645,804 at December 31, 2020. 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 2020, the City did not refund any impact fees during the year.

The debt service fund had a zero balance at December 31, 2020. This is a decrease of \$260,153.

The capital projects fund is used by the City on an ongoing basis to account for various governmental capital outlay projects primarily financed from proceeds of long-term debt. The balance in this fund at December 31, 2020, was \$2,300,104.

The aggregated other governmental funds column includes various special revenue and Tax Incremental District (TID) capital projects funds used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes. The accumulated fund balances of these funds increased \$573,560 during 2020. 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, 2020**

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 2020 totaled \$46,967,713, up \$679,412 from the previous year.

**Condensed Statement of Changes in Net Position for Enterprise Funds
Years Ended December 31, 2020 and 2019**

	Water Utility		Sewer Utility		Parking Utility		Ambulance Service		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating Revenues	\$ 3,558,373	\$ 3,402,725	\$ 2,466,232	\$ 2,000,629	\$ 165,222	\$ 173,960	\$ 59,035	\$ 924,872	\$ 6,248,862	\$ 6,502,186
Operating Expenses:										
Depreciation	1,071,932	960,791	361,259	452,362	62,718	59,174	-	43,700	1,495,909	1,516,027
Other	2,336,204	2,161,889	1,630,523	1,967,008	214,603	142,920	39,193	1,168,975	4,220,523	5,440,792
Operating Income (Loss)	150,237	280,045	474,450	(418,741)	(112,099)	(28,134)	19,842	(287,803)	532,430	(454,633)
Nonoperating Revenues (Expenses)	8,295	272,207	697,224	632,727	2,064	8,943	1,852	(336,406)	709,435	577,471
Net Income (Loss) Before Contributions and Transfers	158,532	552,252	1,171,674	213,986	(110,035)	(19,191)	21,694	(624,209)	1,241,865	122,838
Capital Contributions	11,526	1,407,639	-	-	-	-	-	-	11,526	1,407,639
Transfers to Other Funds	(513,079)	(485,262)	(60,900)	(55,825)	-	-	-	-	(573,979)	(541,087)
Changes in Net Position	(343,021)	1,474,629	1,110,774	158,161	(110,035)	(19,191)	21,694	(624,209)	679,412	989,390
Net Position - Beginning	32,451,085	30,976,456	11,387,884	11,229,723	1,648,017	1,667,208	801,315	1,425,524	46,288,301	45,298,911
Net Position - End of Year	\$ 32,108,064	\$ 32,451,085	\$ 12,498,658	\$ 11,387,884	\$ 1,537,982	\$ 1,648,017	\$ 823,009	\$ 801,315	\$ 46,967,713	\$ 46,288,301

The water utility had operating income of \$150,237 in 2020. The utility also provides services to residents of the Village of North Hudson. The Utility last adjusted user rates in October 2017. Prior to that, the utility rates had not been subject to an overall adjustment since 1996.

The sewer utility had operating income of \$474,450 in 2020 and had an overall positive change in net position of \$1,110,774. The utility also provides services to residents of the Village of North Hudson. The City last increased user rates, effective in October 2017. Prior to that, the rates had not been adjusted since 2009.

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

The ambulance service fund is used to account for operations of the City's emergency medical services department (St. Croix EMS & Rescue). During September of 2019, the City discontinued ambulance service operations and sold off most of the related assets. The balances remaining will be settled in 2021.

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the Budgetary Comparison Schedule for the general fund (in required supplementary information), the 2020 general fund budget was not modified by the City Council. The general fund balance increased during 2020 by \$72,793, which was a \$121,463 favorable variance from the final budget. The primary reason for the increase is due to the City receiving more in intergovernmental funding than budgeted. The City ended the year with a favorable variance between actual amounts and budget amounts for revenues of \$353,514 (3.8%) and a negative budget variance for expenditures of \$245,790 (-2.5%). The negative expenditure variance is due to a number of expenditure accounts being over budget, including legal costs, police costs, street maintenance, and community development costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020 and 2019 was as shown below:

**Capital Assets, Net of Accumulated Depreciation
December 31, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Not Subject to Depreciation:						
Land and Land Rights	\$ 8,515,591	\$ 8,515,591	\$ 1,027,280	\$ 1,027,280	\$ 9,542,871	\$ 9,542,871
Construction Work in Progress	103,619	4,770,868	3,999,808	905,353	4,103,427	5,676,221
Subject to Depreciation:						
Buildings and Improvements	13,929,070	7,480,726	-	-	13,929,070	7,480,726
Land Improvements	2,748,020	2,748,020	-	-	2,748,020	2,748,020
Equipment and Vehicles	11,269,650	10,145,728	-	-	11,269,650	10,145,728
Infrastructure	92,161,744	90,883,825	-	-	92,161,744	90,883,825
Water System Plant	-	-	42,617,016	41,907,072	42,617,016	41,907,072
Sewage Treatment Plant	-	-	13,208,299	13,175,260	13,208,299	13,175,260
Parking Utility	-	-	1,436,739	1,363,515	1,436,739	1,363,515
Ambulance Service	-	-	-	-	-	-
Subtotal	128,727,694	124,544,758	62,289,142	58,378,480	191,016,836	182,923,238
Accumulated Depreciation	74,464,230	71,787,705	25,188,573	23,692,664	99,652,803	95,480,369
Total	\$ 54,263,464	\$ 52,757,053	\$ 37,100,569	\$ 34,685,816	\$ 91,364,033	\$ 87,442,869

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Capital Assets (Continued)

The additions to the City's capital assets during 2020 can be summarized as follows:

- New Fire Station \$ 6,408,411
- Sewer Utility Wastewater Treatment Plant (work in progress) 2,878,645
- City Infrastructure (including storm water) 1,205,514

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, 2020, the City had outstanding \$22,999,419 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, 2020 and 2019**

	Governmental Activities	Business-Type Activities	Outstanding 2020	Outstanding 2019	%
					Change
Long-Term Debt:					
General Obligation Debt	\$ 19,535,000	\$ 740,000	\$ 20,275,000	\$ 22,485,000	(9.8)%
Unamortized Debt Discount	(104)	-	(104)	(506)	(79.4)
Unamortized Debt Premium	546,220	5,890	552,110	655,046	(15.7)
Water Revenue Bonds	-	1,574,671	1,574,671	1,653,551	(4.8)
Subtotal	20,081,116	2,320,561	22,401,677	24,793,091	(9.6)
Other Long-Term Obligations:					
Estimated Employee Leave	512,467	85,275	597,742	514,032	16.3
Total	<u>\$ 20,593,583</u>	<u>\$ 2,405,836</u>	<u>\$ 22,999,419</u>	<u>\$ 25,307,123</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, 2020 totaled \$20,275,000, approximately 17.5% of the maximum legal limit of \$115,862,175.

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

**CITY OF HUDSON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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, 2020**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Joint Library	St Croix Business Park	Community Access Board
ASSETS						
Cash and Investments	\$ 13,793,047	\$ 9,569,409	\$ 23,362,456	\$ 380,441	\$ 2,912,109	\$ 1,263,599
Taxes Receivable	10,167,107	146,930	10,314,037	-	-	-
Special Assessments Receivable	36,196	-	36,196	-	-	-
Specials and Delinquents Held by County	5,955	-	5,955	-	-	-
Accounts Receivable	372,513	1,365,465	1,737,978	-	9,141	-
Due from Other Governmental Units	791,261	170,484	961,745	-	-	-
Prepayments	20,326	-	20,326	-	-	-
Inventories	-	26,695	26,695	-	-	-
Internal Balances	(52,284)	52,284	-	-	-	-
Restricted Assets:						
Cash and Investments	-	2,668,519	2,668,519	-	-	-
Wisconsin Retirement System Net Pension Asset	1,258,426	204,217	1,462,643	48,383	-	15,263
Capital Assets:						
Capital Assets Not Being Depreciated	8,619,210	5,027,088	13,646,298	-	937,277	-
Capital Assets Being Depreciated	120,108,484	57,262,054	177,370,538	1,163,364	82,725	265,011
Accumulated Depreciation	(74,464,230)	(25,188,573)	(99,652,803)	(429,948)	(55,124)	(162,290)
Total Assets	<u>80,656,011</u>	<u>51,304,572</u>	<u>131,960,583</u>	<u>1,162,240</u>	<u>3,886,128</u>	<u>1,381,583</u>
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System Pension						
Plan Related	2,946,263	478,120	3,424,383	113,277	-	35,734
Other Postemployment Benefits Related	87,355	18,151	105,506	7,941	-	1,134
State Life Insurance Other Postemployment						
Benefits Related	90,283	25,434	115,717	9,667	-	1,151
Total Deferred Outflows of Resources	<u>3,123,901</u>	<u>521,705</u>	<u>3,645,606</u>	<u>130,885</u>	<u>-</u>	<u>38,019</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Joint Library	St Croix Business Park	Community Access Board
LIABILITIES						
Vouchers and Accounts Payable	\$ 348,463	\$ 1,219,405	\$ 1,567,868	\$ 6,804	\$ 18,115	\$ 2,660
Construction Contracts Payable	18,240	119,792	138,032	-	-	-
Accrued Interest Payable	181,344	9,306	190,650	-	-	-
Payroll Withholdings	85,561	-	85,561	-	-	-
Accrued Wages	211,571	51,176	262,747	16,292	-	3,745
Due to Other Governmental Units	178	75,567	75,745	-	-	-
Unearned Revenues	-	-	-	-	6,800	-
Special Deposits	212,241	-	212,241	-	-	-
Security Deposit	-	125	125	-	-	-
Noncurrent Liabilities:						
Other Postemployment Benefits Liability	896,935	186,377	1,083,312	81,540	-	11,649
State Life Insurance Net Other						
Postemployment Benefits Liability	219,444	61,820	281,264	23,498	-	2,799
Amounts Due Within One Year	2,552,467	205,542	2,758,009	9,323	-	26,973
Amounts Due in More than One Year	18,041,116	2,200,294	20,241,410	-	-	-
Total Liabilities	<u>22,767,560</u>	<u>4,129,404</u>	<u>26,896,964</u>	<u>137,457</u>	<u>24,915</u>	<u>47,826</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year's Property Taxes	10,586,844	-	10,586,844	-	-	-
Wisconsin Retirement System Pension						
Plan Related	3,778,595	613,192	4,391,787	145,278	-	45,829
Other Postemployment Benefits Related	458,728	95,320	554,048	41,703	-	5,958
State Life Insurance Other Postemployment						
Benefits Related	73,294	20,648	93,942	7,848	-	935
Total Deferred Inflows of Resources	<u>14,897,461</u>	<u>729,160</u>	<u>15,626,621</u>	<u>194,829</u>	<u>-</u>	<u>52,722</u>
NET POSITION						
Net Investment in Capital Assets	34,477,969	33,719,241	68,197,210	724,093	964,878	75,748
Restricted for:						
Debt Service	544,852	-	544,852	-	-	-
Asset Replacement	-	1,934,360	1,934,360	-	-	-
Capital Projects	2,487,529	-	2,487,529	-	-	-
Economic Development Loan Programs	583,938	-	583,938	-	-	-
Pension Plan	1,258,426	204,217	1,462,643	-	-	-
Other Purposes	679,791	734,002	1,413,793	236,746	2,896,335	1,243,306
Unrestricted	6,082,386	10,375,893	16,458,279	-	-	-
Total Net Position	<u>\$ 46,114,891</u>	<u>\$ 46,967,713</u>	<u>\$ 93,082,604</u>	<u>\$ 960,839</u>	<u>\$ 3,861,213</u>	<u>\$ 1,319,054</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges	Operating	Capital	Primary Government			Component Units		
		For Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	Joint Library	St Croix Business Park	Community Access Board
Primary Government:										
Governmental Activities:										
General Government	\$ 2,251,861	\$ 171,468	\$ -	\$ -	\$ (2,080,393)	\$ -	\$ (2,080,393)	\$ -	\$ -	\$ -
Public Safety	5,037,086	1,092,345	115,789	83,140	(3,745,812)	-	(3,745,812)	-	-	-
Public Works	3,870,778	649,759	841,690	326,165	(2,053,164)	-	(2,053,164)	-	-	-
Health and Social Services	19,451	3,327	-	-	(16,124)	-	(16,124)	-	-	-
Culture, Recreation and Education	1,290,329	110,814	158,564	-	(1,020,951)	-	(1,020,951)	-	-	-
Conservation and Development	656,378	-	-	-	(656,378)	-	(656,378)	-	-	-
Interest and Fiscal Charges	490,663	-	-	-	(490,663)	-	(490,663)	-	-	-
Total Governmental Activities	13,616,546	2,027,713	1,116,043	409,305	(10,063,485)	-	(10,063,485)	-	-	-
Business-Type Activities:										
Water	3,455,228	3,558,373	-	11,526	-	114,671	114,671	-	-	-
Sewage Treatment	1,991,782	2,466,232	-	639,119	-	1,113,569	1,113,569	-	-	-
Parking Facilities	277,321	165,222	-	-	-	(112,099)	(112,099)	-	-	-
Ambulance Services	39,193	59,035	-	-	-	19,842	19,842	-	-	-
Total Business-Type Activities	5,763,524	6,248,862	-	650,645	-	1,135,983	1,135,983	-	-	-
Total Primary Government	\$ 19,380,070	\$ 8,276,575	\$ 1,116,043	\$ 1,059,950	(10,063,485)	1,135,983	(8,927,502)	-	-	-
Component Units:										
Joint Library	\$ 892,258	\$ 464,446	\$ 357,221	\$ -	-	-	-	(70,591)	-	-
St Croix Business Park	27,847	-	94,839	-	-	-	-	-	66,992	-
Community Access Board	184,910	211,738	18,968	-	-	-	-	-	-	45,796
Total Component Units	\$ 1,105,015	\$ 676,184	\$ 471,028	\$ -	-	-	-	(70,591)	66,992	45,796
GENERAL REVENUES										
Taxes:										
Property Taxes, Levied for General Purposes					6,484,224	-	6,484,224	-	-	-
Property Taxes, Levied for Debt Purposes					2,586,959	-	2,586,959	-	-	-
Property Taxes, Levied for TID Districts					444,602	-	444,602	-	-	-
Other Taxes					176,268	-	176,268	-	-	-
State and Federal Aids not Restricted to Specific Functions					498,358	-	498,358	-	-	-
Interest and Investment Earnings					142,303	111,039	253,342	4,174	13,031	9,681
Sale of Property					12,378	6,369	18,747	-	-	-
Miscellaneous					247,540	-	247,540	56,786	19,373	-
Transfers					573,979	(573,979)	-	-	-	-
Total General Revenues and Transfers					11,166,611	(456,571)	10,710,040	60,960	32,404	9,681
CHANGE IN NET POSITION										
					1,103,126	679,412	1,782,538	(9,631)	99,396	55,477
Net Position - Beginning of Year					45,011,765	46,288,301	91,300,066	970,470	3,761,817	1,263,577
NET POSITION - END OF YEAR					\$ 46,114,891	\$ 46,967,713	\$ 93,082,604	\$ 960,839	\$ 3,861,213	\$ 1,319,054

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
BALANCE SHEET —
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
ASSETS						
Cash and Investments	\$ 6,446,623	\$ 1,644,727	\$ 1,115	\$ 2,369,080	\$ 3,331,502	\$ 13,793,047
Taxes Receivable	6,290,076	-	2,344,584	16,786	1,515,661	10,167,107
Special Assessments Receivable	-	-	-	36,196	-	36,196
Specials and Delinquents Held by County	-	-	-	5,955	-	5,955
Accounts Receivable	208,236	1,077	-	325	162,875	372,513
Due from Other Governments	101,261	-	690,000	-	-	791,261
Prepayments	20,326	-	-	-	-	20,326
Total Assets	<u>\$ 13,066,522</u>	<u>\$ 1,645,804</u>	<u>\$ 3,035,699</u>	<u>\$ 2,428,342</u>	<u>\$ 5,010,038</u>	<u>\$ 25,186,405</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Vouchers and Accounts Payable	\$ 224,476	\$ -	\$ 1,115	\$ 57,016	\$ 65,856	\$ 348,463
Construction Contracts Payable	-	-	-	18,240	-	18,240
Payroll Withholdings	85,561	-	-	-	-	85,561
Accrued Wages	211,338	-	-	-	233	211,571
Due Other Governmental Units	178	-	-	-	-	178
Due to Other Funds	-	-	-	-	52,284	52,284
Special Deposits	212,241	-	-	-	-	212,241
Total Liabilities	<u>733,794</u>	<u>-</u>	<u>1,115</u>	<u>75,256</u>	<u>118,373</u>	<u>928,538</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year's Property Taxes	6,726,598	-	2,344,584	-	1,515,662	10,586,844
Unavailable Revenues - Special Assessments	-	-	-	52,982	-	52,982
Unavailable Revenues - Other	-	-	690,000	-	-	690,000
Total Deferred Inflows of Resources	<u>6,726,598</u>	<u>-</u>	<u>3,034,584</u>	<u>52,982</u>	<u>1,515,662</u>	<u>11,329,826</u>
FUND BALANCES						
Nonspendable	73,069	-	-	-	-	73,069
Restricted	-	1,645,804	-	307,486	2,105,454	4,058,744
Committed	-	-	-	1,992,618	1,287,253	3,279,871
Assigned	545,902	-	-	-	-	545,902
Unassigned	4,987,159	-	-	-	(16,704)	4,970,455
Total Fund Balances	<u>5,606,130</u>	<u>1,645,804</u>	<u>-</u>	<u>2,300,104</u>	<u>3,376,003</u>	<u>12,928,041</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,066,522</u>	<u>\$ 1,645,804</u>	<u>\$ 3,035,699</u>	<u>\$ 2,428,342</u>	<u>\$ 5,010,038</u>	<u>\$ 25,186,405</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Total Fund Balances - Governmental Funds	\$ 12,928,041
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land, Easements and Right-of-Way	8,515,591
Construction Work in Progress	103,619
Land Improvements	2,748,020
Buildings and Improvements	13,929,070
Machinery/Equipment	11,269,650
Infrastructure	92,161,744
Accumulated Depreciation	(74,464,230)
	54,263,464
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.	
	742,982
Net Wisconsin Retirement System pension plan asset/liability and related deferred outflows and inflows of resources are recorded only on the Statement of Net Position. Balances at year-end are:	
Net Pension Asset (Liability)	1,258,426
Deferred Outflows of Resources	2,946,263
Deferred Inflows of Resources	(3,778,595)
	426,094
Net State Life Insurance OPEB Liability and related deferred outflows and inflows of resources are recorded only on the Statement of Net Position. Balances at year-end are:	
Net OPEB Liability	(219,444)
Deferred Outflows of Resources	90,283
Deferred Inflows of Resources	(73,294)
	(202,455)
Total Other Postemployment Benefits Liability and related deferred outflows and inflows of resources are recorded only on the Statement of Net Position. Balances at year-end are:	
Total OPEB Liability	(896,935)
Deferred Outflows of Resources	87,355
Deferred Inflows of Resources	(458,728)
	(1,268,308)
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	(19,535,000)
Accrued Interest on Long-Term Debt	(181,344)
Employee Leave Liability	(512,467)
	(20,228,811)
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	(546,220)
Unamortized Debt Discount	104
	(546,116)
Net Position of Governmental Activities	\$ 46,114,891

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
REVENUES						
Taxes	\$ 6,499,263	\$ -	\$ 2,586,959	\$ -	\$ 605,831	\$ 9,692,053
Special Assessments	-	-	-	48,979	-	48,979
Intergovernmental	1,517,625	-	-	183,150	-	1,700,775
Licenses and Permits	490,036	94,985	-	-	-	585,021
Fines and Forfeits	104,485	-	-	-	-	104,485
Public Charges for Services	198,955	-	-	-	577,145	776,100
Intergovernmental Charges for Services	658,885	-	-	-	-	658,885
Miscellaneous:						
Interest	58,140	12,616	7,335	38,946	25,196	142,233
Rent	147,822	-	-	-	-	147,822
Donations	1,298	-	-	-	-	1,298
Other	81,296	-	-	-	242,040	323,336
Total Revenues	<u>9,757,805</u>	<u>107,601</u>	<u>2,594,294</u>	<u>271,075</u>	<u>1,450,212</u>	<u>14,180,987</u>
EXPENDITURES						
General Government	2,024,035	-	-	-	-	2,024,035
Public Safety	5,093,150	-	-	-	9,369	5,102,519
Transportation Facilities	1,715,684	-	-	-	459,437	2,175,121
Sanitation	14,747	-	-	-	-	14,747
Health and Social Services	18,863	-	-	-	-	18,863
Culture, Recreation and Education	750,433	-	-	-	311,179	1,061,612
Conservation and Development	584,574	-	-	-	66,034	650,608
Capital Outlay	-	-	-	3,412,721	-	3,412,721
Debt Service:						
Principal Retirement	-	-	2,170,000	-	-	2,170,000
Interest and Fiscal Charges	-	-	784,963	-	-	784,963
Total Expenditures	<u>10,201,486</u>	<u>-</u>	<u>2,954,963</u>	<u>3,412,721</u>	<u>846,019</u>	<u>17,415,189</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, 2020**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (443,681)	\$ 107,601	\$ (360,669)	\$ (3,141,646)	\$ 604,193	\$ (3,234,202)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Property	12,378	-	-	-	-	12,378
Transfers In	573,979	-	100,516	-	-	674,495
Transfers Out	(69,883)	-	-	-	(30,633)	(100,516)
Total Other Financing Sources (Uses)	<u>516,474</u>	<u>-</u>	<u>100,516</u>	<u>-</u>	<u>(30,633)</u>	<u>586,357</u>
NET CHANGE IN FUND BALANCES	72,793	107,601	(260,153)	(3,141,646)	573,560	(2,647,845)
Fund Balances - Beginning of Year	<u>5,533,337</u>	<u>1,538,203</u>	<u>260,153</u>	<u>5,441,750</u>	<u>2,802,443</u>	<u>15,575,886</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,606,130</u>	<u>\$ 1,645,804</u>	<u>\$ -</u>	<u>\$ 2,300,104</u>	<u>\$ 3,376,003</u>	<u>\$ 12,928,041</u>

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, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (2,647,845)

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

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

Capital Outlays Reported in Governmental Fund Statements	4,182,936
Depreciation Expense Reported in the Statement of Activities	<u>(2,809,412)</u>
	1,373,524

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.

132,887

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

(23,911)

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

Total OPEB Liability and Related Items - Single Employer Plan	(54,669)
Net OPEB Liability and Related Items - Multiple Employer Plan	<u>(9,581)</u>
	(64,250)

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.

(47,672)

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

General Obligation Bonds and Notes Principal Retirement	2,170,000
---	-----------

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	192,500
Amortization of Debt Premium	102,202
Amortization of Debt Discount	(402)
Net Change in Accrued Employee Leave	<u>(83,907)</u>
	<u>210,393</u>

Change in Net Position of Governmental Activities \$ 1,103,126

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION —
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
ASSETS					
Current Assets:					
Cash and Investments	\$ 5,244,021	\$ 3,451,275	\$ 87,887	\$ 786,226	\$ 9,569,409
Accounts Receivable:					
Customer/Patient	753,664	475,552	9,725	83,884	1,322,825
Accounts Receivable on Tax Roll	62,887	73,896	10,147	-	146,930
Allowance for Doubtful Accounts	-	-	-	(44,369)	(44,369)
Other	53,874	24,254	8,881	-	87,009
Due from Other Governmental Units	19,107	151,377	-	-	170,484
Due from Other Funds	-	52,284	-	-	52,284
Inventories	26,695	-	-	-	26,695
Total Current Assets	<u>6,160,248</u>	<u>4,228,638</u>	<u>116,640</u>	<u>825,741</u>	<u>11,331,267</u>
Restricted Assets:					
Cash and Investments:					
Debt Service/Asset Replacement	157	1,934,360	-	-	1,934,517
Carmichael Impact Assessments	734,002	-	-	-	734,002
Wisconsin Retirement System Net Pension Asset	124,850	71,583	7,784	-	204,217
Total Restricted Assets	<u>859,009</u>	<u>2,005,943</u>	<u>7,784</u>	<u>-</u>	<u>2,872,736</u>
Capital Assets:					
Property and Plant in Service	42,753,878	13,338,155	2,197,301	-	58,289,334
Accumulated Provision for Depreciation	15,060,902	9,452,301	675,370	-	25,188,573
Net Utility Plant in Service	<u>27,692,976</u>	<u>3,885,854</u>	<u>1,521,931</u>	<u>-</u>	<u>33,100,761</u>
Construction Work in Progress	291,714	3,708,094	-	-	3,999,808
Total Capital Assets	<u>27,984,690</u>	<u>7,593,948</u>	<u>1,521,931</u>	<u>-</u>	<u>37,100,569</u>
 Total Assets	 35,003,947	 13,828,529	 1,646,355	 825,741	 51,304,572
DEFERRED OUTFLOWS OF RESOURCES					
Wisconsin Retirement System Pension Plan Related	292,304	167,592	18,224	-	478,120
Other Postemployment Benefits Related	10,210	6,807	1,134	-	18,151
State Life Insurance Other Postemployment Benefits Related	14,805	10,629	-	-	25,434
Total Deferred Outflows of Resources	<u>317,319</u>	<u>185,028</u>	<u>19,358</u>	<u>-</u>	<u>521,705</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED) —
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
LIABILITIES					
Current Liabilities:					
Vouchers and Accounts Payable	\$ 182,192	\$ 953,572	\$ 80,909	\$ 2,732	\$ 1,219,405
Construction Contracts Payable	-	119,792	-	-	119,792
Due to Other Governmental Units	28,058	46,929	580	-	75,567
Accrued Employee Liabilities	60,691	22,413	2,171	-	85,275
Accrued Wages	31,054	17,156	2,966	-	51,176
Security Deposit	-	-	125	-	125
Total Current Liabilities	<u>301,995</u>	<u>1,159,862</u>	<u>86,751</u>	<u>2,732</u>	<u>1,551,340</u>
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	9,306	-	-	-	9,306
Current Portion of Long-Term Debt	40,000	-	-	-	40,000
Current Portion of Revenue Bonds	80,267	-	-	-	80,267
Total Current Liabilities Payable from Restricted Assets	<u>129,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,573</u>
Long-Term Liabilities (Less Current Portion):					
Total Other Postemployment Benefits Liability	104,837	69,891	11,649	-	186,377
State Life Insurance Net Other Postemployment Benefits Liability	35,985	25,835	-	-	61,820
Long-Term Debt	705,890	-	-	-	705,890
Mortgage Revenue Bonds	1,494,404	-	-	-	1,494,404
Total Long-Term Liabilities	<u>2,341,116</u>	<u>95,726</u>	<u>11,649</u>	<u>-</u>	<u>2,448,491</u>
Total Liabilities	<u>2,772,684</u>	<u>1,255,588</u>	<u>98,400</u>	<u>2,732</u>	<u>4,129,404</u>
DEFERRED INFLOWS OF RESOURCES					
Wisconsin Retirement System Pension Plan Related	374,881	214,938	23,373	-	613,192
Other Postemployment Benefits Related	53,618	35,744	5,958	-	95,320
State Life Insurance Other Postemployment Benefits Related	12,019	8,629	-	-	20,648
Total Deferred Inflows of Resources	<u>440,518</u>	<u>259,311</u>	<u>29,331</u>	<u>-</u>	<u>729,160</u>
NET POSITION					
Net Investment in Capital Assets	25,664,286	6,606,248	1,448,707	-	33,719,241
Restricted for:					
Impact Assessments	734,002	-	-	-	734,002
Asset Replacement	-	1,934,360	-	-	1,934,360
Wisconsin Retirement System Pension Plan	124,850	71,583	7,784	-	204,217
Unrestricted	5,584,926	3,886,467	81,491	823,009	10,375,893
Total Net Position	<u>\$ 32,108,064</u>	<u>\$ 12,498,658</u>	<u>\$ 1,537,982</u>	<u>\$ 823,009</u>	<u>\$ 46,967,713</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, 2020

	Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
OPERATING REVENUES					
Charges for Services	\$ 3,043,652	\$ 2,076,845	\$ 163,567	\$ -	\$ 5,284,064
Grants and Subsidies	-	-	-	10,502	10,502
Other	514,721	389,387	1,655	48,533	954,296
Total Operating Revenues	<u>3,558,373</u>	<u>2,466,232</u>	<u>165,222</u>	<u>59,035</u>	<u>6,248,862</u>
OPERATING EXPENSES					
Operation and Maintenance	2,336,204	1,630,523	214,603	39,193	4,220,523
Depreciation	1,071,932	361,259	62,718	-	1,495,909
Total Operating Expenses	<u>3,408,136</u>	<u>1,991,782</u>	<u>277,321</u>	<u>39,193</u>	<u>5,716,432</u>
OPERATING INCOME (LOSS)	150,237	474,450	(112,099)	19,842	532,430
NONOPERATING REVENUES (EXPENSES)					
Investment Earnings	50,340	58,105	2,064	530	111,039
Hook-up Fees	-	639,119	-	-	639,119
Interest Expense	(47,826)	-	-	-	(47,826)
Amortization of Debt Discount and Expense	734	-	-	-	734
Gain/Loss on Sale of Capital Assets	5,047	-	-	1,322	6,369
Total Nonoperating Revenues (Expenses)	<u>8,295</u>	<u>697,224</u>	<u>2,064</u>	<u>1,852</u>	<u>709,435</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	158,532	1,171,674	(110,035)	21,694	1,241,865
CAPITAL CONTRIBUTIONS					
Plant Contributed by Developers	4,092	-	-	-	4,092
Impact Fees Applied	7,434	-	-	-	7,434
Total Capital Contributions	<u>11,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,526</u>
TRANSFERS:					
Transfer to General Fund	(513,079)	(60,900)	-	-	(573,979)
CHANGE IN NET POSITION	(343,021)	1,110,774	(110,035)	21,694	679,412
Net Position - January 1	<u>32,451,085</u>	<u>11,387,884</u>	<u>1,648,017</u>	<u>801,315</u>	<u>46,288,301</u>
NET POSITION - DECEMBER 31	<u>\$ 32,108,064</u>	<u>\$ 12,498,658</u>	<u>\$ 1,537,982</u>	<u>\$ 823,009</u>	<u>\$ 46,967,713</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 2,899,709	\$ 2,425,198	\$ 155,631	\$ 46,978	\$ 5,527,516
Cash Received for Public Fire Protection	414,731	-	-	-	414,731
Cash Received (Paid) for Sewer Share of Meter Related Expense	196,418	(196,418)	-	-	-
Cash Received from Government Subsidies/ Contracts/Grants	-	51,396	-	59,035	110,431
Cash Received from Parking Forfeitures	-	-	8,917	-	8,917
Cash Paid for City/Village Surcharges	-	(104,808)	-	-	(104,808)
Cash Payments to Suppliers for Goods and Services	(1,542,954)	(894,401)	(128,258)	(49,575)	(2,615,188)
Cash Payments for Employee Services	(1,084,880)	(670,886)	(97,090)	(4,027)	(1,856,883)
Net Cash Provided (Used) by Operating Activities	883,024	610,081	(60,800)	52,411	1,484,716
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Received from (Paid to) Other Funds for Financing	-	(52,284)	-	-	(52,284)
Cash Payments of Tax Equivalent to General Fund	(513,079)	(60,900)	-	-	(573,979)
Net Cash Provided (Used) by Noncapital Financing Activities	(513,079)	(113,184)	-	-	(626,263)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Payments for Capital Assets	(607,505)	(2,009,313)	-	-	(2,616,818)
Cash Received for Salvage of Capital Assets	5,047	-	-	1,322	6,369
Cash Received for Hook-up Fees	-	639,119	-	-	639,119
Cash Received for Impact Fees	7,434	-	-	-	7,434
Principal Paid on Long-Term Debt	(118,880)	-	-	-	(118,880)
Interest Paid on Long-Term Debt	(48,358)	-	-	-	(48,358)
Net Cash Provided (Used) by Capital and Related Financing Activities	(762,262)	(1,370,194)	-	1,322	(2,131,134)
CASH FLOWS FROM INVESTING ACTIVITIES					
Earnings on Investments	50,340	58,105	2,064	530	111,039
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(341,977)	(815,192)	(58,736)	54,263	(1,161,642)
Cash and Cash Equivalents - Beginning of Year	6,320,157	6,200,827	146,623	731,963	13,399,570
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,978,180	\$ 5,385,635	\$ 87,887	\$ 786,226	\$ 12,237,928

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 150,237	\$ 474,450	\$ (112,099)	\$ 19,842	\$ 532,430
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Change in Pension Plan:					
Asset/Liability	(256,067)	(146,824)	(16,016)	-	(418,907)
Deferred Outflows of Resources	65,014	36,797	4,234	-	106,045
Deferred Inflows of Resources	192,643	110,442	11,940	-	315,025
Change in OPEB Plans:					
Asset/Liability	(56,568)	(37,164)	(7,499)	-	(101,231)
Deferred Outflows of Resources	(9,680)	(7,006)	125	-	(16,561)
Deferred Inflows of Resources	50,572	33,783	5,458	-	89,813
Depreciation	1,071,932	361,259	62,718	-	1,495,909
(Increase) Decrease in Assets:					
Customer/Patient Accounts Receivable	(35,204)	(52,335)	422	164,679	77,562
Accounts Receivable on Tax Roll	4,232	(1,543)	-	-	2,689
Other Accounts Receivable	(37,118)	(1,900)	(1,265)	-	(40,283)
Allowance for Uncollectible Accounts	-	-	-	(117,701)	(117,701)
Due from Other Governments	2,450	(61,310)	-	-	(58,860)
Prepayments	31	96	-	-	127
Inventories	744	-	-	-	744
Increase (Decrease) in Liabilities:					
Accounts Payable	(297,820)	(125,293)	(10,602)	(13,696)	(447,411)
Special Deposits	18,094	-	-	-	18,094
Accrued Wages	8,549	2,930	932	-	12,411
Accrued Employee Liabilities	(1,937)	1,057	683	(713)	(910)
Due to Other Governmental Units	12,920	22,642	169	-	35,731
Net Cash Provided (Used) by Operating Activities	<u>\$ 883,024</u>	<u>\$ 610,081</u>	<u>\$ (60,800)</u>	<u>\$ 52,411</u>	<u>\$ 1,484,716</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS					
Cash and Investments per Statement of Net Position:					
Cash and Investments	\$ 5,244,021	\$ 3,451,275	\$ 87,887	\$ 786,226	\$ 9,569,409
Cash and Investments - Restricted	734,159	1,934,360	-	-	2,668,519
Cash and Cash Equivalents	<u>\$ 5,978,180</u>	<u>\$ 5,385,635</u>	<u>\$ 87,887</u>	<u>\$ 786,226</u>	<u>\$ 12,237,928</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	<u>Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 1,630,605
Taxes Receivable	<u>28,618,682</u>
Total Assets	<u>30,249,287</u>
 DEFERRED INFLOWS OF RESOURCES	
Succeeding Year's Property Taxes	<u>30,249,287</u>
 NET POSITION	
Restricted	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2020**

	<u>Custodial Fund</u>
ADDITIONS	
Tax Collections for Other Governments	<u>\$ 29,810,063</u>
DEDUCTIONS	
Payments of Taxes to Other Governments	<u>29,810,063</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Hudson is a Wisconsin municipal corporation incorporated under the state of Wisconsin statutes. The City is governed by a mayor/council form of government. The council consists of six members elected from six wards within the City. The financial reporting of the City is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A blended component unit, although a legally separate entity, is, in substance, considered part of the government's operations and is included within the financial statements of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Statements

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

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

Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

Additionally, the City reports the following fiduciary fund:

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements, the proprietary fund financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues reported in the governmental funds to be available if they are collected within 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

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

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

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

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

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

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

2. Receivables and Payables

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

Special Assessments. Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. City policy requires payment if \$500 or less, in which most fall into this range. Unavailable special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2020 tax roll are recognized as revenue in 2021.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

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

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

6. Deferred Outflows of Resources

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Deferred Inflows of Resources

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

8. Compensated Absences

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

9. Other Postemployment Benefits Payable – Single Employer Plan

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

10 Other Postemployment Benefits – Multiple Employer Plan

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Wisconsin Retirement System Pension Plan Benefits

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

12. Long-Term Obligations/Conduit Debt

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

The City had approved the issuance of industrial revenue bonds (IRB's) for the benefit of private business enterprises in prior years. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The City had IRB's outstanding at December 31, 2020 for the Hudson Hockey Association totaling \$835,244.

13. Defining Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water utility, sewer utility, ambulance service, and parking funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Use of Restricted Resources

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

15. Equity Classifications

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

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

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Equity Classifications (Continued)

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

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

The Tax Incremental District #6 fund had a deficit balance at December 31, 2020 in the amount of \$16,704. This deficit will be eliminated with future tax increment collections within the district.

The General Fund expenditures exceeded the final budget in the general government (\$67,466), public safety (\$113,352), transportation facilities (\$59,182), health and human services (\$4,163), and conservation and development (\$61,299) categories. These overages were determined necessary and were authorized by management.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2020 are shown in the financial statements as follows:

Governmental Funds	\$ 13,793,047
Proprietary Funds	12,237,928
Fiduciary Funds	1,630,605
Total	<u>\$ 27,661,580</u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 3,290,698
Deposits in State Local Government Pooled- Investment Fund	5,703,075
Investments in Federal Agency Issuances	579,308
Investments in Municipal Bonds and Notes	985,781
Investments in Money Market Funds	17,997,610
Certificates of Deposit	3,660,126
Petty Cash	1,131
Total Cash and Investments	32,217,729
Less Amount Allocated to Component Units	(4,556,149)
Total	\$ 27,661,580

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, 2020, the City’s deposits were not exposed to significant custodial credit risk.

Investments

The City’s investments at December 31, 2020 consisted of deposits in the State of Wisconsin Local Government Investment Pool (an external investment pool), certificates of deposit, U.S. government agencies and instrumentalities obligations, and a money market fund associated with its investments in federal securities.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

The state of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in the State Investment Fund (SIF), which is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. Local funds are pooled with state funds and invested by a local government unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2020 was 30 days.

U.S. Government Agencies and Instrumentalities Obligations. The City's investments in these obligations at December 31, 2020 are summarized as follows:

Description	Totals	Investment Maturities (in years)				Moody's / S&P Rating
		<1	1 to 2	2 to 3	>3	
Debt Instruments:						
FNMA	\$ 578,787	\$ 578,787	\$ -	\$ -	\$ -	AAA/AA+
GNMA	521	-	191	330	-	Aaa
Municipal Bonds and Notes	985,781	-	985,781	-	-	Aa2/ AA, A+
LGIP	5,703,075	5,703,075	-	-	-	Not Rated
Certificates of Deposit	3,660,126	3,340,596	319,530	-	-	Not Rated
Money Market Funds	17,997,610	17,997,610	-	-	-	Not Rated
Total	<u>\$ 28,925,900</u>	<u>\$ 27,620,068</u>	<u>\$ 1,305,502</u>	<u>\$ 330</u>	<u>\$ -</u>	

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

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

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

Fair Value Measurements

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

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

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

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

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

The City's investments are measured as follows:

	Level 1	Level 2	Level 3	Total
Federal Agency Issuances	\$ 579,308	\$ -	\$ -	579,308
Municipal Bonds and Notes	-	985,781	-	985,781
Money Market Funds	-	17,997,610	-	17,997,610
Certificates of Deposit	-	3,660,126	-	3,660,126
Total	<u>\$ 579,308</u>	<u>\$ 22,643,517</u>	<u>\$ -</u>	<u>23,222,825</u>
Investments Measured at Amortized Cost - State LGIP Funds				5,703,075
Total Investments				<u>\$ 28,925,900</u>

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

B. Receivables/Deferred Inflows of Resources

1. Other Receivables

Other accounts receivable at December 31, 2020 are further detailed as follows:

	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Totals
Special Assessments	\$ -	\$ -	\$ -	\$ 42,151	\$ -	\$ -	\$ 42,151
Accounts Receivable:							
General	208,236	1,077	-	325	162,875	87,009	459,522
Customers:							
Water	-	-	-	-	-	753,664	753,664
Sewer	-	-	-	-	-	475,552	475,552
Parking	-	-	-	-	-	9,725	9,725
Ambulance (Net)	-	-	-	-	-	39,515	39,515
Total	<u>208,236</u>	<u>1,077</u>	<u>-</u>	<u>325</u>	<u>162,875</u>	<u>1,365,465</u>	<u>1,737,978</u>
Due From Other Governments	<u>101,261</u>	<u>-</u>	<u>690,000</u>	<u>-</u>	<u>-</u>	<u>170,484</u>	<u>961,745</u>
Totals	<u>\$ 309,497</u>	<u>\$ 1,077</u>	<u>\$ 690,000</u>	<u>\$ 42,476</u>	<u>\$ 162,875</u>	<u>\$ 1,535,949</u>	<u>\$ 2,741,874</u>

Accounts receivable of the ambulance service enterprise fund is reported net of an allowance for uncollectible accounts. Such allowance totaled \$44,369 at December 31, 2020.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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
2020 Tax Roll Items:			
Property Taxes	\$ -	\$ 10,586,844	\$ 10,586,844
Special Assessments	16,786	-	16,786
Special Assessments - Future Years	36,196	-	36,196
Other	690,000	-	690,000
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 742,982	\$ 10,586,844	\$ 11,329,826

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital assets activity for the year ended December 31, 2020 is shown below:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land, Easements and Right-of-Way	\$ 8,515,591	\$ -	\$ -	\$ 8,515,591
Construction Work in Progress	4,770,868	103,619	4,770,868	103,619
Total Capital Assets Not Being Depreciated	13,286,459	103,619	4,770,868	8,619,210
Capital Assets Being Depreciated:				
Land Improvements	2,748,020	-	-	2,748,020
Buildings and Improvements	7,480,726	6,448,344	-	13,929,070
Machinery and Equipment	4,282,457	518,864	-	4,801,321
Licensed Vehicles	5,863,271	605,058	-	6,468,329
Infrastructure	90,883,825	1,277,919	-	92,161,744
Total Capital Assets Being Depreciated	111,258,299	8,850,185	-	120,108,484
Total Capital Assets	124,544,758	8,953,804	4,770,868	128,727,694
Accumulated Depreciation:				
Land Improvements	2,141,980	100,751	-	2,242,731
Buildings and Improvements	2,826,365	242,333	-	3,068,698
Machinery and Equipment	2,634,414	301,913	-	2,936,327
Licensed Vehicles	3,369,929	339,146	46,000	3,663,075
Infrastructure	60,815,017	1,825,269	86,887	62,553,399
Total Accumulated Depreciation	71,787,705	2,809,412	132,887	74,464,230
Net Capital Assets - Governmental Activities	<u>\$ 52,757,053</u>	<u>\$ 6,144,392</u>	<u>\$ 4,637,981</u>	<u>\$ 54,263,464</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 170,605
Public Safety	382,191
Public Works	2,072,703
Health & Human Services	588
Culture, Recreation and Education	181,351
Conservation and Development	1,974
Total	<u>\$ 2,809,412</u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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	161,233	130,481	-	291,714
Total Capital Assets Not Being Depreciated	298,095	130,481	-	428,576
Capital Assets Being Depreciated:				
Source of Supply	1,873,394	-	-	1,873,394
Pumping Plant	2,342,146	41,498	-	2,383,644
Water Treatment	8,397,623	22,956	-	8,420,579
Transmission and Distribution	27,177,839	466,965	-	27,644,804
General Assets	2,116,070	178,525	-	2,294,595
Total Capital Assets Being Depreciated	41,907,072	709,944	-	42,617,016
Total Capital Assets	42,205,167	840,425	-	43,045,592
Accumulated Depreciation:				
Source of Supply	748,209	51,775	-	799,984
Pumping Plant	2,067,671	55,343	-	2,123,014
Water Treatment	3,023,620	272,736	-	3,296,356
Transmission and Distribution	7,087,910	608,865	-	7,696,775
General Assets	1,061,560	83,213	-	1,144,773
Total Accumulated Depreciation	13,988,970	1,071,932	-	15,060,902
Net Capital Assets - Water Utility	28,216,197	(231,507)	-	27,984,690
Sewer Utility:				
Capital Assets Not Being Depreciated:				
Land	129,856	-	-	129,856
Construction in Progress	744,120	2,989,699	25,725	3,708,094
Total Capital Assets Not Being Depreciated	873,976	2,989,699	25,725	3,837,950
Capital Assets Being Depreciated:				
Collection System	680,920	-	-	680,920
Pumping System	74,400	-	-	74,400
Treatment and Disposal Plant	11,429,417	20,687	-	11,450,104
General Plant	990,523	12,352	-	1,002,875
Total Capital Assets Being Depreciated	13,175,260	33,039	-	13,208,299
Total Capital Assets	14,049,236	3,022,738	25,725	17,046,249
Accumulated Depreciation:				
Collection System	255,813	7,677	-	263,490
Pumping System	23,556	5,517	-	29,073
Treatment and Disposal Plant	8,110,340	297,981	-	8,408,321
General Plant	701,333	50,084	-	751,417
Total Accumulated Depreciation	9,091,042	361,259	-	9,452,301
Net Capital Assets - Sewer Utility	4,958,194	2,661,479	25,725	7,593,948

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Parking Utility:				
Capital Assets Not Being Depreciated:				
Parking Lot Land	\$ 760,562	\$ -	\$ -	\$ 760,562
Capital Assets Being Depreciated:				
Improvements to Lots	991,691	-	-	991,691
Equipment	371,824	73,224	-	445,048
Total Capital Assets Being Depreciated	<u>1,363,515</u>	<u>73,224</u>	<u>-</u>	<u>1,436,739</u>
Total Capital Assets	2,124,077	73,224	-	2,197,301
Accumulated Depreciation:				
Improvements to Lots	534,501	42,719	-	577,220
Equipment	78,151	19,999	-	98,150
Total Accumulated Depreciation	<u>612,652</u>	<u>62,718</u>	<u>-</u>	<u>675,370</u>
Net Capital Assets - Parking Utility	1,511,425	10,506	-	1,521,931
Totals - Business-Type Activities:				
Capital Assets Not Being Depreciated	1,932,633	3,120,180	25,725	5,027,088
Capital Assets Being Depreciated	56,445,847	816,207	-	57,262,054
Total Capital Assets	<u>58,378,480</u>	<u>3,936,387</u>	<u>25,725</u>	<u>62,289,142</u>
Less Accumulated Depreciation	<u>23,692,664</u>	<u>1,495,909</u>	<u>-</u>	<u>25,188,573</u>
Net Capital Assets - Business-Type Activities	<u>\$ 34,685,816</u>	<u>\$ 2,440,478</u>	<u>\$ 25,725</u>	<u>\$ 37,100,569</u>

Depreciation was charged to the following business-type activities:

Water	\$ 1,071,932
Sewer	361,259
Parking	<u>62,718</u>
Total	<u>\$ 1,495,909</u>

D. Interfund Receivables, Payables, and Transfers

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
Sewer Utility Fund	TID #6	<u>\$ 52,284</u>	Fund Cash Deficit

Interfund Transfers

Fund Transferred From	Fund Transferred To	Amount	Purpose
General Fund	Debt Service Fund	\$ 69,883	Town share of fire truck purchase
Sewer Collection System Fund	Debt Service Fund	14,373	Share of debt service
Stormwater Fund	Debt Service Fund	16,260	Share of debt service
Water Utility Fund	General Fund	513,079	Property tax equivalent
Sewer Utility Fund	General Fund	60,900	Property tax equivalent
Total		<u>\$ 674,495</u>	

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020:

	Balance 1/1/20	Additions	Reductions	Balance 12/31/20	Amounts Due Within One Year
Long-Term Debt:					
Governmental Activities:					
General Obligation Bonds	\$ 14,540,000	\$ -	\$ 580,000	\$ 13,960,000	\$ 590,000
General Obligation Notes	7,165,000	-	1,590,000	5,575,000	1,450,000
Unamortized Debt Premium	648,422	-	102,202	546,220	-
Unamortized Debt Discount	(506)	-	(402)	(104)	-
Total Governmental Activities	<u>22,352,916</u>	<u>-</u>	<u>2,271,800</u>	<u>20,081,116</u>	<u>2,040,000</u>
Business-Type Activities:					
General Obligation Bonds:					
Water Utility	780,000	-	40,000	740,000	40,000
Mortgage Revenue Bonds:					
Water Utility	1,653,551	-	78,880	1,574,671	80,267
Unamortized Debt Premium	6,624	-	734	5,890	-
Total Business-Type Activities	<u>2,440,175</u>	<u>-</u>	<u>119,614</u>	<u>2,320,561</u>	<u>120,267</u>
Total Long-Term Debt	<u>\$ 24,793,091</u>	<u>\$ -</u>	<u>\$ 2,391,414</u>	<u>\$ 22,401,677</u>	<u>\$ 2,160,267</u>
Other Long-Term Obligations:					
Governmental Activities:					
Employee Leave Liability	\$ 428,560	\$ 512,467	\$ 428,560	\$ 512,467	\$ 512,467
Business-Type Activities:					
Employee Leave Liability	85,472	85,275	85,472	85,275	85,275
Total Other Long-Term Obligations	<u>\$ 514,032</u>	<u>\$ 597,742</u>	<u>\$ 514,032</u>	<u>\$ 597,742</u>	<u>\$ 597,742</u>

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

Subsequent Borrowing

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

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020 and annual requirements for their retirement as of that date are shown below:

		Outstanding 12/31/2020	Scheduled Future Payments							
			2021	2022	2023	2024	2025	2026-2030	2031-2035	2036-2039
Bond Issues:										
\$2,115,000 Series 2015A, dated 6/9/15, due 4/1/35, interest at 3.00 to 3.50%	Principal (10/1)	\$ 1,705,000	\$ 85,000	\$ 90,000	\$ 100,000	\$ 105,000	\$ 105,000	\$ 565,000	\$ 655,000	\$ -
	Interest (4/1, 10/1)	473,353	53,930	51,380	48,680	45,680	42,530	163,750	67,403	-
\$3,490,000 Series 2013A, dated 10/9/13, due 10/1/33, interest at 3.00 to 4.00%	Principal (10/1)	2,440,000	150,000	155,000	160,000	165,000	170,000	960,000	680,000	-
	Interest (4/1, 10/1)	702,256	90,220	85,720	81,070	76,270	69,670	244,306	55,000	-
\$3,110,000 Series 2016A, dated 4/12/16, due 4/1/36, interest at 2.00 to 3.00%	Principal (10/1)	2,595,000	140,000	140,000	140,000	145,000	145,000	790,000	900,000	195,000
	Interest (4/1, 10/1)	578,667	65,796	61,596	57,396	53,196	48,846	190,980	98,172	2,685
\$2,495,000 Series 2017A, dated 5/15/17, due 12/1/32, interest at 2.00 to 3.00%	Principal (12/1)	2,100,000	155,000	155,000	160,000	165,000	165,000	895,000	405,000	-
	Interest (6/1, 12/1)	413,250	56,650	53,550	50,450	47,250	43,950	143,100	18,300	-
\$5,960,000 Series 2019A, dated 04/29/19 due 12/31/39, interest at 3.00%	Principal (10/1)	5,860,000	100,000	230,000	245,000	255,000	260,000	1,410,000	1,735,000	1,625,000
	Interest (4/1, 10/1)	1,979,625	175,800	172,800	165,900	158,550	150,900	634,350	403,350	117,975
Promissory Note Issues:										
\$1,885,000 Series 2015B, dated 6/9/15, due 4/1/25, interest at 1.50 to 3.00%	Principal (10/1)	975,000	185,000	190,000	195,000	200,000	205,000	-	-	-
	Interest (4/1, 10/1)	83,422	27,558	22,932	17,708	12,150	3,074	-	-	-
\$2,860,000 Series 2013B, dated 10/9/13, due 10/1/23, interest at 2.00 to 2.750%	Principal (10/1)	370,000	370,000	-	-	-	-	-	-	-
	Interest (4/1, 10/1)	16,402	16,402	-	-	-	-	-	-	-
\$3,530,000 dated 5/25/11, due 5/1/21 interest at 1.00 to 3.00%	Principal (11/1)	410,000	410,000	-	-	-	-	-	-	-
	Interest (5/1, 11/1)	6,150	6,150	-	-	-	-	-	-	-
\$2,470,000 Series 2017B, dated 6/1/17, due 6/1/27, interest at 3.00%	Principal (12/1)	1,950,000	240,000	250,000	260,000	290,000	295,000	615,000	-	-
	Interest (6/1, 12/1)	240,075	58,500	51,300	43,800	36,000	27,300	23,175	-	-
\$2,200,000 Series 2019B, dated 04/29/19 due 12/31/29, interest at 3.00 to 4.00%	Principal (10/1)	1,870,000	245,000	175,000	185,000	190,000	200,000	875,000	-	-
	Interest (4/1, 10/1)	323,400	68,150	58,350	51,350	43,950	36,350	65,250	-	-
Total Future Requirements:										
	Principal	20,275,000	2,080,000	1,385,000	1,445,000	1,515,000	1,545,000	6,110,000	4,375,000	1,820,000
	Interest	4,816,600	619,156	557,628	516,354	473,046	422,620	1,464,911	642,225	120,660
Totals		\$ 25,091,600	\$ 2,699,156	\$ 1,942,628	\$ 1,961,354	\$ 1,988,046	\$ 1,967,620	\$ 7,574,911	\$ 5,017,225	\$ 1,940,660

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020 were computed as follows:

Equalized Valuation (Certified August 2020)	\$ 2,317,243,500
Legal Debt Capacity (5% of Equalized Value)	\$ 115,862,175
Total General Obligation Debt Subject to Limitation	20,275,000
Unused Borrowing Capacity at 12/31/2020	\$ 95,587,175

Mortgage Revenue Bonds

Repayment Requirements. Outstanding mortgage revenue bonds totaled \$1,572,101 at December 31, 2020, which related to the Water Utility. The City's full faith and credit do not back the mortgage revenue bonds which are instead backed only by the assets and revenues of the issuing enterprise funds. Outstanding mortgage revenue bonds at December 31, 2020 and annual requirements for their retirement at that date are shown below:

	Year	Principal	Interest	Total
Water Utility:				
Revenue Bonds dated 12/13/17,	2021	\$ 80,267	\$ 27,008	\$ 107,275
\$1,866,120 authorized, \$1,653,550	2022	81,680	25,583	107,263
issued through 12/31/19, due	2023	83,118	24,133	107,251
5/1/37, interest at 1.760% (Safe	2024	84,581	22,657	107,238
Drinking Water Fund loan)	2025	86,069	21,155	107,224
	2026-2030	453,608	82,310	535,918
	2031-2035	494,955	40,594	535,549
	2036-2037	210,393	3,719	214,112
Total Mortgage Revenue Bonds		\$ 1,574,671	\$ 247,159	\$ 1,821,830

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Tax Incremental Districts

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

Only TID #5 and #6 were in existence during the year ended December 31, 2020. The resolutions creating TID #5 and #6 were dated July 17, 2017 and July 9, 2018, respectively. The expenditure period for both districts is five years prior to the termination of the district's unextended maximum life, which is 27 years and 20 years, respectively.

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

TID #6 had project costs exceeding project revenues at December 31, 2020, resulting in fund deficit of \$16,704. The TID is expected to recover these costs as tax increments are collected in future years.

G. Business Park Revolving Loan Fund

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

The \$425,000 was recorded in a separate special revenue fund by the City. There were no loans outstanding at December 31, 2020. Outstanding balances on the loans would be shown as long-term receivables in the business park revolving loan special revenue fund and would be equally offset by a deferred inflow of resources. The balance in the fund at December 31, 2020 totaled \$583,938.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2020 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund	\$ 5,606,130	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Taxes	-	52,743	-	-	-	-
Prepayments	-	20,326	-	-	-	-
Police Equipment	-	-	-	-	13,054	-
Fire Equipment	-	-	-	-	80,630	-
Energy Savings	-	-	-	-	7,464	-
BOGO Tree Funds	-	-	-	-	1,561	-
Health Insurance Reserve	-	-	-	-	443,193	-
Unassigned	-	-	-	-	-	4,987,159
Impact Fees Fund	1,645,804	-	1,645,804	-	-	-
Capital Projects Fund	2,300,104	-	307,486	1,992,618	-	-
Nonmajor Funds:						
Special Revenue Funds:						
Room Tax Fund	137,332	-	-	137,332	-	-
Sewer Collection System						
Replacement Fund	1,149,921	-	-	1,149,921	-	-
Storm Water MS-4 Fund	160,495	-	160,495	-	-	-
Storm Water Fund	468,047	-	468,047	-	-	-
Parks Dedication Fees Fund	695,568	-	695,568	-	-	-
Police Donations Fund	49,877	-	49,877	-	-	-
Police Drug Forfeitures Fund	1,372	-	1,372	-	-	-
Business Park Revolving Loan Fund	583,938	-	583,938	-	-	-
Capital Projects Funds:						
TID #5	146,157	-	146,157	-	-	-
TID #6	(16,704)	-	-	-	-	(16,704)
Total Governmental Fund Balances at December 31, 2020	\$ 12,928,041	\$ 73,069	\$ 4,058,744	\$ 3,279,871	\$ 545,902	\$ 4,970,455

NOTE 4 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan Benefits

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the fiscal reporting period January 1, 2020 through December 31, 2020, the WRS recognized \$545,833 in contributions from the employer.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Contribution rates for 2020 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.75 %	6.75 %
Executives and Elected Officials	6.75	6.75
Protective with Social Security	6.75	11.65
Protective without Social Security	6.75	16.25

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

<u>Year Ending December 31,</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

At December 31, 2020, the City reported an asset of \$1,526,289 for its proportionate share of the net pension asset, with \$1,462,643 relating to the primary government and \$63,646 relating to the City's component units. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.04733479%, which was an increase of 0.00227269% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$573,950. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,897,245	\$ 1,449,877
Changes of Assumptions	118,937	-
Difference between actual and proportionate share of actual employer contributions	11,379	12,740
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,120,277
City Contributions Subsequent to the Measurement Date	545,833	-
Total	<u>3,573,394</u>	<u>4,582,894</u>
Less Amount Allocated to Component Units	(149,011)	(191,107)
Total Primary Government	<u>\$ 3,424,383</u>	<u>\$ 4,391,787</u>

\$545,833 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount	
	<u>Primary Government</u>	<u>Component Units</u>
2021	\$ (445,535)	\$ (19,339)
2022	(331,084)	(14,371)
2023	53,220	2,310
2024	(767,131)	(33,403)

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	49.0 %	5.1 %	N/A	N/A
U.S. Equities	N/A	N/A	70.0 %	4.6 %
International Equities	N/A	N/A	30.0	5.3
Fixed Income	24.5	2.1	N/A	N/A
Inflation Sensitive Assets	15.5	1.2	N/A	N/A
Real Estate	9.0	3.5	N/A	N/A
Private Equity/Debt	8.0	7.6	N/A	N/A
Multi-Asset	4.0	4.0	N/A	N/A
Totals	<u>110.0 %</u>		<u>100.0 %</u>	

Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,930,468	\$ (1,526,289)	\$ (5,605,844)

CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

B. Employee Leave Liabilities

Vacation. City employees are granted vacation in varying amounts based on length of service. Vacation earned in one calendar year is available for use on January 1 of the subsequent year. Unrecorded vacation accruals generally do not exceed the amount earned for one year. An employee may, with the employer's written permission, carry over unused vacation credit (limited, depending on department) to the first six months of the following year. The estimated liabilities for accumulated vacation leave at December 31, 2020 were \$424,275 for governmental funds, \$85,275 for enterprise funds, \$9,323 for the Joint Library component unit, and \$26,973 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, 2020 totaled \$88,192, all allocated to the governmental activities as a liability in the government-wide financial statements.

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

C. Other Postemployment Benefits – Multiple Employer Plan

General Information about the Other Postemployment Benefits Plan

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

General Information about the Other Postemployment Benefits Plan (Continued)

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

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

Contribution rates as of December 31, 2020 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2020 are as listed below:

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

During the fiscal reporting period January 1, 2020 through December 31, 2020, the LRLIF recognized \$1,313 in contributions from the employer.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

At December 31, 2020, the City reported a liability of \$307,561 for its proportionate share of the net OPEB liability, with \$281,264 relating to the primary government and \$26,297 relating to the City's component units. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019, rolled forward to January 1, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.0722280%, which was a decrease of 0.010795% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$24,010. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 13,778
Changes of Assumptions	113,460	33,829
Net Difference Between Projected and Actual Earnings on OPEB Investments	5,802	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,960	55,118
City Contributions Subsequent to the Measurement Date	1,313	-
Total	126,535	102,725
Less: Amount Allocated to Component Units	(10,818)	(8,783)
Total Primary Government	\$ 115,717	\$ 93,942

\$1,313 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>	
	<u>Primary</u>	<u>Component</u>
	<u>Government</u>	<u>Units</u>
2021	\$ 3,400	\$ 292
2022	3,400	292
2023	2,823	243
2024	2,230	192
2025	(132)	(11)
Thereafter	8,998	770

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

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Credit Bonds	Barclays Credit	45.0%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5.0	2.90
U.S. Mortgages	Barclays MBS	50.0	1.53
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

Single Discount Rate. A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to changes in the Discount Rate. The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87%, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87%) or 1-percentage-point higher (3.87%) than the current rate:

		1% Decrease (1.87%)	Current Discount Rate (2.87%)	1% Increase (3.87%)
Proportionate Share of the Net OPEB Liability (Asset)	12/31/2020	\$ 424,690	\$ 307,561	\$ 218,448

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

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

Single-Employer Plan Description

Plan description

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

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

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

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

Benefits provided

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

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

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

Contributions

The City funds its other postemployment benefit on a pay-as-you go basis. For fiscal year 2020, the City contributed an estimated \$114,583 to the plan.

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

Total OPEB Liability

The City does not accumulate assets in a trust for payment of OPEB benefits. Accordingly, the City must report its total OPEB liability. The City's total OPEB liability was determined by an actuarial valuation as of January 1, 2020, with a measurement date of January 1, 2020. At December 31, 2020, the City reported a total OPEB liability of \$1,176,501, with \$1,083,312 allocated to the primary government and the remaining amount allocated to component units. Changes in the City's total OPEB liability were as follows:

	Total OPEB Liability
Balance at December 31, 2019	\$ 1,723,278
Changes for the Year:	
Service Cost	130,844
Interest	68,322
Differences Between Expected and Actual Experience	(458,515)
Changes of Assumptions or Other Input	(174,127)
Benefit Payments	(113,301)
Net Changes	(546,777)
Balance at December 31, 2020	1,176,501
Less Amount Allocated to Component Units	(93,189)
Balance at December 31, 2020 - Primary Government	\$ 1,083,312

Actuarial assumptions

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

Measurement Date:	January 1, 2020
Actuarial Valuation Date:	January 1, 2020
Actuarial Cost Method:	Entry Age, level percentage of pay
Amortization Method:	Average of expected remaining service on a closed basis for differences between expected and actual experiences and assumption changes
Inflation:	2.5%
Salary Increases:	3.5 - 7.8%
Discount Rate:	2.9%
Healthcare Cost Trend Rates:	6.5% as of January 1, 2020 grading to 5.0% over 6 years then to 4.0% over the next 48 years
Mortality Rates:	RP-2014 White Collar Mortality Tables with MP-2019 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire)

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.90%, decreased from 3.80% in the prior year. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 2.90%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

		1% Decrease 1.9%	Current Discount Rate 2.9%	1% Increase 3.9%
Total OPEB Liability	12/31/20	<u>\$ 1,259,516</u>	<u>\$ 1,176,501</u>	<u>\$ 1,098,274</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

		1% Decrease (5.5% decreasing to 4.0% then 3.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0% then 4.0%)	1% Increase (7.5% decreasing to to 6.0% then 5.0%)
Total OPEB Liability	12/31/20	<u>\$ 1,099,241</u>	<u>\$ 1,176,501</u>	<u>\$ 1,268,177</u>

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$123,249. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 407,568
Changes of Assumptions or Other Input	-	194,141
City Contributions Subsequent to the Measurement Date	114,581	-
Total	<u>114,581</u>	<u>601,709</u>
Less: Amount Allocated to Component Units	<u>(9,075)</u>	<u>(47,661)</u>
Total Primary Government	<u>\$ 105,506</u>	<u>\$ 554,048</u>

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

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

\$114,581 reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense (\$75,919) annually for 2021-2025 and (\$222,114) total thereafter.

The plan does not issue separate financial statements.

E. Participation in Biosolids Facility

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

F. Landfill Postclosure Care Costs

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 2020 were \$1,980. Future annual expenditures are expected to be similar to current year expenditures.

G. Discretely Presented Component Units

St Croix Business Park

Capital asset activity for the St Croix Business Park for the year ended December 31, 2020, was as follows:

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Discretely Presented Component Units (Continued)

St Croix Business Park (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 1,174,443	\$ 15,260	\$ 252,426	\$ 937,277
Capital Assets Being Depreciated:				
Land Improvements	82,725	-	-	82,725
Total Capital Assets	1,257,168	-	-	1,020,002
Accumulated Depreciation:				
Land Improvements	50,988	4,136	-	55,124
Net Capital Assets - St. Croix Business Park	\$ 1,206,180	\$ (4,136)	\$ -	\$ 964,878

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

Joint Library

Capital asset activity for the Joint Library for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Buildings and Improvements	\$ 523,386	\$ -	\$ -	\$ 523,386
Machinery and Equipment	615,158	69,545	44,725	639,978
Total Capital Assets	1,138,544	69,545	44,725	1,163,364
Accumulated Depreciation:				
Buildings and Improvements	193,027	20,668	-	213,695
Machinery and Equipment	183,784	77,194	44,725	216,253
Total Accumulated Depreciation	376,811	97,862	44,725	429,948
Net Capital Assets - Joint Library	\$ 761,733	\$ (28,317)	\$ -	\$ 733,416

Depreciation expense charged to the Joint Library was \$97,862.

The long-term obligations activity for the Joint Library component unit for the year ended December 31, 2020, was as follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Amounts Due Within One Year
Employee Leave Liability	\$ 17,555	\$ 9,323	\$ 17,555	\$ 9,323	\$ 9,323

**CITY OF HUDSON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Discretely Presented Component Units (Continued)

Community Access Board

Capital asset activity for the Community Access Board for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 248,668	\$ 16,343	\$ -	\$ 265,011
Accumulated Depreciation:				
Machinery and Equipment	145,717	16,573	-	162,290
Net Capital Assets - Community Access Board	<u>\$ 102,951</u>	<u>\$ (16,573)</u>	<u>\$ -</u>	<u>\$ 102,721</u>

Depreciation expense charged to the Community Access Board was \$16,573.

The long-term obligations activity for the Community Access Board component unit for the year ended December 31, 2020, was as follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Amounts Due Within One Year
Employee Leave Liability	<u>\$ 24,693</u>	<u>\$ 26,973</u>	<u>\$ 24,693</u>	<u>\$ 26,973</u>	<u>\$ 26,973</u>

H. Risk Management and Litigation Matters

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

I. Contract Commitments

At December 31, 2020, the City is committed to multiple contracts for the construction of a new wastewater treatment plant. The City's remaining commitment under these contracts is \$9,509,819.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUDSON, WISCONSIN
BUDGETARY COMPARISON SCHEDULE —
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 6,495,824	\$ 6,495,824	\$ 6,499,263	\$ 3,439
Intergovernmental	1,196,317	1,196,317	1,517,625	321,308
Licenses and Permits	418,580	418,580	490,036	71,456
Fines and Forfeits	120,150	120,150	104,485	(15,665)
Public Charges for Services	211,275	211,275	198,955	(12,320)
Intergovernmental Charges for Services	695,985	695,985	658,885	(37,100)
Miscellaneous:				
Interest	100,000	100,000	58,140	(41,860)
Rent	143,260	143,260	147,822	4,562
Other	22,900	22,900	82,594	59,694
Total Revenues	<u>9,404,291</u>	<u>9,404,291</u>	<u>9,757,805</u>	<u>353,514</u>
EXPENDITURES				
General Government	1,956,569	1,956,569	2,024,035	(67,466)
Public Safety	4,979,798	4,979,798	5,093,150	(113,352)
Transportation Facilities	1,656,502	1,656,502	1,715,684	(59,182)
Sanitation	17,652	17,652	14,747	2,905
Health and Human Services	14,700	14,700	18,863	(4,163)
Culture, Recreation and Education	807,200	807,200	750,433	56,767
Conservation and Development	523,275	523,275	584,574	(61,299)
Total Expenditures	<u>9,955,696</u>	<u>9,955,696</u>	<u>10,201,486</u>	<u>(245,790)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(551,405)	(551,405)	(443,681)	107,724
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Property	4,000	4,000	12,378	8,378
Transfers In	560,000	560,000	573,979	13,979
Transfers Out	(61,265)	(61,265)	(69,883)	(8,618)
Total Other Financing Sources (Uses)	<u>502,735</u>	<u>502,735</u>	<u>516,474</u>	<u>13,739</u>
NET CHANGE IN FUND BALANCE	<u>\$ (48,670)</u>	<u>\$ (48,670)</u>	<u>72,793</u>	<u>\$ 121,463</u>
Fund Balance - Beginning of Year			<u>5,533,337</u>	
FUND BALANCE - END OF YEAR			<u>\$ 5,606,130</u>	

See Notes to Required Supplementary Information.

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

Measurement Date: December 31,	2014	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	0.03932084%	0.03942175%	0.04027648%	0.04237096%	0.04506210%	0.04733479%
City's proportionate share of the net pension liability (asset)	\$ (965,827)	\$ 640,597	\$ 331,974	\$ (1,258,044)	\$ 1,603,168	\$ (1,526,289)
City's covered payroll	\$ 4,775,480	\$ 4,990,775	\$ 5,274,504	\$ 5,580,151	\$ 6,078,348	\$ 6,377,558
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-20.22%	12.84%	6.29%	-22.54%	26.38%	-23.93%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%

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

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

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

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

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

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

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

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

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

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

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

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

Measurement Date: December 31,	2017	2018	2019
City's Proportion of the Net Pension Liability (Asset)	0.09710600%	0.08302300%	0.07222800%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 292,152	\$ 214,227	\$ 307,561
City's Covered Payroll	\$ 4,083,585	\$ 3,791,000	\$ 3,889,000
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	7.15 %	5.65 %	7.91 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	44.81 %	48.69 %	37.58 %

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

Changes of Assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term rate of return and expected inflation.

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

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

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

Changes of Assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term rate of return and expected inflation.

**CITY OF HUDSON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

BUDGETARY INFORMATION

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

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

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

The General Fund expenditures exceeded the final budget in the general government (\$67,466), public safety (\$113,352), transportation facilities (\$59,182), health and human services (\$4,163), and conservation and development (\$61,299) categories. These overages were determined necessary and were authorized by management.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**CITY OF HUDSON, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS —
COMBINING BALANCE SHEET
DECEMBER 31, 2020**

	Special Revenue Funds								Capital Projects Funds			Total Nonmajor Governmental Funds	
	Room Tax Fund	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Water MS-4 Fund	Storm Water Fund	Total Special Revenue Funds	TID #5 Capital Projects Fund	TID #6 Capital Projects Fund		Total Capital Projects Funds
ASSETS													
Cash and Investments	\$ 184,727	\$ 1,149,921	\$ 695,568	\$ 49,877	\$ 1,372	\$ 583,938	\$ 160,495	\$ 316,793	\$ 3,142,691	\$ 148,157	\$ 40,654	\$ 188,811	\$ 3,331,502
Taxes Receivable	-	-	-	-	-	-	-	-	-	970,559	545,102	1,515,661	1,515,661
Accounts Receivable	10,400	-	-	-	-	-	-	152,475	162,875	-	-	-	162,875
Total Assets	<u>\$ 195,127</u>	<u>\$ 1,149,921</u>	<u>\$ 695,568</u>	<u>\$ 49,877</u>	<u>\$ 1,372</u>	<u>\$ 583,938</u>	<u>\$ 160,495</u>	<u>\$ 469,268</u>	<u>\$ 3,305,566</u>	<u>\$ 1,118,716</u>	<u>\$ 585,756</u>	<u>\$ 1,704,472</u>	<u>\$ 5,010,038</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES													
LIABILITIES													
Vouchers and Accounts Payable	\$ 57,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 988	\$ 58,783	\$ 2,000	\$ 5,073	\$ 7,073	\$ 65,856
Accrued Wages	-	-	-	-	-	-	-	233	233	-	-	-	233
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	52,284	52,284	52,284
Total Liabilities	57,795	-	-	-	-	-	-	1,221	59,016	2,000	57,357	59,357	118,373
DEFERRED INFLOWS OF RESOURCES													
Subsequent Year's Property Taxes	-	-	-	-	-	-	-	-	-	970,559	545,103	1,515,662	1,515,662
FUND BALANCES													
Restricted	-	-	695,568	49,877	1,372	583,938	160,495	468,047	1,959,297	146,157	-	146,157	2,105,454
Committed	137,332	1,149,921	-	-	-	-	-	-	1,287,253	-	-	-	1,287,253
Unassigned	-	-	-	-	-	-	-	-	-	-	(16,704)	(16,704)	(16,704)
Total Fund Balances	<u>137,332</u>	<u>1,149,921</u>	<u>695,568</u>	<u>49,877</u>	<u>1,372</u>	<u>583,938</u>	<u>160,495</u>	<u>468,047</u>	<u>3,246,550</u>	<u>146,157</u>	<u>(16,704)</u>	<u>129,453</u>	<u>3,376,003</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 195,127</u>	<u>\$ 1,149,921</u>	<u>\$ 695,568</u>	<u>\$ 49,877</u>	<u>\$ 1,372</u>	<u>\$ 583,938</u>	<u>\$ 160,495</u>	<u>\$ 469,268</u>	<u>\$ 3,305,566</u>	<u>\$ 1,118,716</u>	<u>\$ 585,756</u>	<u>\$ 1,704,472</u>	<u>\$ 5,010,038</u>

**CITY OF HUDSON, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS —
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020**

	Special Revenue Funds								Capital Projects Funds			Total Nonmajor Governmental Funds	
	Room Tax Fund	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Water MS-4 Fund	Storm Water Fund	Total Special Revenue Funds	TID #5 Capital Projects Fund	TID #6 Capital Projects Fund		Total Capital Projects Funds
REVENUES													
Taxes	\$ 161,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,229	\$ 213,530	\$ 231,072	\$ 444,602	\$ 605,831
Public Charges for Services	-	60,849	-	-	-	-	-	516,296	577,145	-	-	-	577,145
Miscellaneous:													
Allocated Investment Earnings	1,090	9,014	5,809	306	11	4,761	1,298	2,806	25,095	101	-	101	25,196
Other	-	-	157,491	22,425	-	-	-	62,124	242,040	-	-	-	242,040
Total Revenues	162,319	69,863	163,300	22,731	11	4,761	1,298	581,226	1,005,509	213,631	231,072	444,703	1,450,212
EXPENDITURES													
Public Safety	-	-	-	9,369	-	-	-	-	9,369	-	-	-	9,369
Transportation Facilities	-	-	-	-	-	-	-	459,437	459,437	-	-	-	459,437
Culture, Recreation and Education	152,408	-	158,771	-	-	-	-	-	311,179	-	-	-	311,179
Conservation and Development	-	-	-	-	-	-	-	-	-	2,150	63,884	66,034	66,034
Total Expenditures	152,408	-	158,771	9,369	-	-	-	459,437	779,985	2,150	63,884	66,034	846,019
EXCESS OF REVENUES OVER EXPENDITURES	9,911	69,863	4,529	13,362	11	4,761	1,298	121,789	225,524	211,481	167,188	378,669	604,193
OTHER FINANCING SOURCES (USES)													
Transfers Out	-	(14,373)	-	-	-	-	-	(16,260)	(30,633)	-	-	-	(30,633)
NET CHANGE IN FUND BALANCES	9,911	55,490	4,529	13,362	11	4,761	1,298	105,529	194,891	211,481	167,188	378,669	573,560
Fund Balances - Beginning of Year	127,421	1,094,431	691,039	36,515	1,361	579,177	159,197	362,518	3,051,659	(65,324)	(183,892)	(249,216)	2,802,443
FUND BALANCES - END OF YEAR	\$ 137,332	\$ 1,149,921	\$ 695,568	\$ 49,877	\$ 1,372	\$ 583,938	\$ 160,495	\$ 468,047	\$ 3,246,550	\$ 146,157	\$ (16,704)	\$ 129,453	\$ 3,376,003

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED BALANCE SHEET
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2019)**

	2020	2019
ASSETS		
Treasurer's Cash and Investments	\$ 6,445,842	\$ 6,453,690
Petty Cash	781	1,050
Current Taxes Receivable	6,237,333	5,920,271
Delinquent Personal Property Taxes	52,743	11,347
Accounts Receivable	208,236	217,885
Due from Other Governmental Units	101,261	85,782
Due from Other Funds	-	203,314
Prepayments	20,326	36,333
	<u>20,326</u>	<u>36,333</u>
Total Assets	<u>\$ 13,066,522</u>	<u>\$ 12,929,672</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Vouchers and Accounts Payable	\$ 224,476	\$ 574,322
Payroll Withholdings	85,561	66,988
Accrued Wages	211,338	147,109
Due to Other Governmental Units	178	8,246
Special Deposits	212,241	114,767
Total Liabilities	<u>733,794</u>	<u>911,432</u>
DEFERRED INFLOWS OF RESOURCES		
Subsequent Year's Property Taxes	<u>6,726,598</u>	<u>6,484,903</u>
FUND BALANCE		
Nonspendable		
Delinquent Taxes	52,743	11,347
Prepayments	20,326	36,333
Assigned	545,902	535,866
Unassigned	4,987,159	4,949,791
Total Fund Balance	<u>5,606,130</u>	<u>5,533,337</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 13,066,522</u>	<u>\$ 12,929,672</u>

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
STATEMENT OF CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2020**

	Balance 1/1/20	Revenues/Other Sources			Net Transfers From (To) General Fund	Total Available	Expenditures/ Transfers to Other Funds	Balance 12/31/20
		Tax Levy	Interest	Other				
Nonspendable:								
Delinquent Taxes	\$ 11,347	\$ -	\$ -	\$ -	\$ 41,396	\$ 52,743	\$ -	\$ 52,743
Prepayments	36,333	-	-	-	(16,007)	20,326	-	20,326
Total Nonspendable	\$ 47,680	\$ -	\$ -	\$ -	\$ 25,389	\$ 73,069	\$ -	\$ 73,069
Assigned:								
Police Equipment	\$ 12,975	\$ -	\$ 79	\$ -	\$ -	\$ 13,054	\$ -	\$ 13,054
Fire Equipment	57,539	-	417	22,674	-	80,630	-	80,630
Health Insurance	456,382	-	2,794	-	-	459,176	15,983	443,193
Energy Savings	7,419	-	45	-	-	7,464	-	7,464
BOGO Tree Funds	1,551	-	10	-	-	1,561	-	1,561
Total Assigned	\$ 535,866	\$ -	\$ 3,345	\$ 22,674	\$ -	\$ 561,885	\$ 15,983	\$ 545,902

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020		Variance - Positive (Negative)	2019 Actual
	Final Budget	Actual		
REVENUES				
Taxes				
General Property Taxes	\$ 6,484,224	\$ 6,484,224	\$ -	\$ 6,439,215
Payment in Lieu of Taxes:				
Housing Authority	10,000	10,000	-	10,000
Interest and Penalties on Taxes	1,600	5,039	3,439	1,310
Total Taxes	<u>6,495,824</u>	<u>6,499,263</u>	<u>3,439</u>	<u>6,450,525</u>
Intergovernmental				
State Shared Taxes	160,937	204,518	43,581	197,457
State Aid for Exempt Computers	30,000	30,502	502	30,502
State Fire Insurance Tax	77,000	83,849	6,849	77,121
State Aid for Police Training	5,000	9,515	4,515	13,026
State Transportation Aids	839,420	839,420	-	732,341
Payment for Municipal Services	100	-	(100)	143
County Recycling Grant	4,000	2,270	(1,730)	3,687
DNR Urban Forestry Grant	-	1,073	1,073	20,430
COVID Relief Funding	-	263,338	263,338	-
Other Intergovernmental Aids	79,860	83,140	3,280	87,129
Total Intergovernmental	<u>1,196,317</u>	<u>1,517,625</u>	<u>321,308</u>	<u>1,161,836</u>
Licenses and Permits				
Business and Occupational Licenses:				
Liquor and Malt Beverage	40,000	20,780	(19,220)	30,935
Other	15,380	11,550	(3,830)	14,243
Dog Licenses (Including County Refund)	7,000	2,782	(4,218)	4,950
Cat Licenses	800	545	(255)	875
Building Permits	303,000	431,443	128,443	408,997
Other Permits	7,400	7,310	(90)	9,300
Filing Fees	45,000	15,626	(29,374)	50,000
Total Licenses and Permits	<u>418,580</u>	<u>490,036</u>	<u>71,456</u>	<u>519,300</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, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020		Variance - Positive - (Negative)	2019 Actual
	Final Budget	Actual		
REVENUES (CONTINUED)				
Fines and Forfeits				
Court Penalties and Costs	\$ 120,000	\$ 89,123	\$ (30,877)	\$ 126,981
County Court/Miscellaneous	150	15,362	15,212	8,550
Total Fines and Forfeits	<u>120,150</u>	<u>104,485</u>	<u>(15,665)</u>	<u>135,531</u>
Public Charges for Services				
General Government				
License Publication Fees	300	320	20	250
Maps, Copies and Photos	750	565	(185)	909
Tax Exempt Property Fees	-	225	225	-
Assessment Search Fees	6,000	6,575	575	4,875
Administration Charge to Business Park	12,500	12,430	(70)	9,323
Public Safety				
Police Special OT	5,000	2,019	(2,981)	8,204
Public Education Fees	375	-	(375)	70
Public Works				
Maintenance Charges	93,600	74,407	(19,193)	3,533
Weed and Nuisance Charges	750	-	(750)	-
Culture, Recreation and Education				
Parks and Recreation	30,000	15,930	(14,070)	28,362
Boat Launching	46,000	72,546	26,546	30,519
Sail Boat Mooring	16,000	13,938	(2,062)	14,501
Total Public Charges for Services	<u>211,275</u>	<u>198,955</u>	<u>(12,320)</u>	<u>100,546</u>
Intergovernmental Charges for Services				
Other Local Governments				
Fire Protection - Contracts	497,285	497,285	-	430,392
School Liaison Officer - School Share	175,000	138,630	(36,370)	171,206
Police Labor Reimbursement	300	32	(268)	1,614
Elections	-	-	-	-
Other Charges	-	786	786	8
Local Departments/Funds				
Library - Administrative Charge	15,000	13,752	(1,248)	13,752
Cable TV Administrative Charge	8,400	8,400	-	8,400
Total Intergovernmental Charges for Services	<u>695,985</u>	<u>658,885</u>	<u>(37,100)</u>	<u>625,372</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, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020		Variance - Positive (Negative)	2019 Actual
	Final Budget	Actual		
REVENUES (CONTINUED)				
Miscellaneous				
Interest on Investments	\$ 100,000	\$ 58,140	\$ (41,860)	\$ 146,187
MB Occupancy Costs	139,150	141,092	1,942	139,144
Rent of City Buildings and Property	2,400	5,160	2,760	12,745
Rent Charge to Ambulance Utility	1,710	1,570	(140)	3,605
Insurance Dividends	2,000	627	(1,373)	152,863
Donations	1,500	1,298	(202)	850
Other Refunds and Reimbursements	19,400	80,669	61,269	23,792
Total Miscellaneous	<u>266,160</u>	<u>288,556</u>	<u>22,396</u>	<u>479,186</u>
Total Revenues	<u>9,404,291</u>	<u>9,757,805</u>	<u>353,514</u>	<u>9,472,296</u>
EXPENDITURES				
General Government				
Mayor and Council	69,950	73,589	(3,639)	71,455
Municipal Court	122,681	120,486	2,195	118,156
City Attorney/Other Legal	100,800	152,474	(51,674)	145,264
Clerk-Treasurer	420,875	411,675	9,200	382,426
Administrator	156,562	159,435	(2,873)	150,116
Labor Negotiator/Drug Test	19,000	27,210	(8,210)	18,649
Information Technology	288,667	319,243	(30,576)	232,122
Elections	39,025	53,720	(14,695)	15,509
Assessment of Property	110,100	120,449	(10,349)	113,245
Insurance/Unallocated	212,627	232,372	(19,745)	239,858
City Hall	141,791	138,725	3,066	137,784
Municipal Building	224,491	192,533	31,958	213,175
Illegal Taxes and Refunds	-	-	-	850
Contingency/Special Projects	50,000	22,124	27,876	171,294
Total General Government	<u>1,956,569</u>	<u>2,024,035</u>	<u>(67,466)</u>	<u>2,009,903</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, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020		Variance - Positive (Negative)	2019 Actual
	Final Budget	Actual		
EXPENDITURES (CONTINUED)				
Public Safety				
Police Administration	\$ 646,851	\$ 671,487	\$ (24,636)	\$ 625,446
Police Patrol	2,275,177	2,394,691	(119,514)	2,231,097
Police Patrol Capital Outlay	90,000	101,480	(11,480)	112,682
Criminal Investigation	525,309	584,113	(58,804)	540,293
School Officer	227,593	165,063	62,530	227,895
Police and Fire Commission	4,400	2,375	2,025	10,224
Dive Team	14,984	-	14,984	-
Fire Department	441,746	440,111	1,635	391,621
Fire Department Capital Outlay	48,637	47,624	1,013	45,131
Fire Department Training	68,152	53,013	15,139	55,556
Fire Department Officers	31,895	39,853	(7,958)	31,420
Fire Deferred Compensation Wages	22,161	15,784	6,377	14,304
Fire Mechanic Wages	10,264	7,995	2,269	7,610
Fire Administration	307,301	316,553	(9,252)	291,244
Ambulance Subsidy	-	-	-	117,955
Building Inspection	252,328	225,267	27,061	222,418
Building Inspection Outlay	-	25,362	(25,362)	-
Disaster Control	-	14	(14)	86
Emergency Government - Sirens	9,000	1,765	7,235	1,664
Dams	4,000	600	3,400	6,914
Total Public Safety	4,979,798	5,093,150	(113,352)	4,933,560
Transportation Facilities				
Streets and Related Facilities:				
Director of Public Works	243,312	274,220	(30,908)	172,459
Machinery and Equipment	211,160	168,267	42,893	195,163
Garage - Storage Sheds	36,700	41,982	(5,282)	30,636
West Garage	9,500	4,867	4,633	10,410
Street Maintenance	966,530	1,033,648	(67,118)	1,067,599

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020		Variance - Positive (Negative)	2019 Actual
	Final Budget	Actual		
EXPENDITURES (CONTINUED)				
Transportation Facilities (Continued)				
Streets and Related Facilities (Continued)				
Highways 94 and 35	\$ 29,000	\$ 21,841	\$ 7,159	\$ 29,193
Street Lighting	119,000	136,700	(17,700)	131,522
Street Signs and Markings	18,200	11,515	6,685	16,670
Stop and Go Lights	21,100	22,644	(1,544)	22,169
Sidewalks and Crosswalks	1,000	-	1,000	251
Curb and Gutter	1,000	-	1,000	773
Storm Sewers	-	-	-	1,517
Total Transportation Facilities	<u>1,656,502</u>	<u>1,715,684</u>	<u>(59,182)</u>	<u>1,678,362</u>
Sanitation				
Landfill	3,000	2,015	985	2,461
Weed Control	7,600	6,511	1,089	5,809
Recycling Coordinator	7,052	6,221	831	5,455
Total Sanitation	<u>17,652</u>	<u>14,747</u>	<u>2,905</u>	<u>13,725</u>
Health and Human Services				
Sealer of Weights and Measures	6,000	6,000	-	6,000
Animal Control	8,700	12,863	(4,163)	8,905
Total Health and Human Services	<u>14,700</u>	<u>18,863</u>	<u>(4,163)</u>	<u>14,905</u>
Culture, Recreation and Education				
Joint Library	357,221	357,221	-	350,217
Parks				
Parks Administration	116,375	109,634	6,741	114,744
General Park Maintenance	235,940	188,050	47,890	178,754

**CITY OF HUDSON, WISCONSIN
GENERAL FUND —
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020		Variance - Positive (Negative)	2019 Actual
	Final Budget	Actual		
EXPENDITURES (CONTINUED)				
Culture, Recreation and Education (Continued)				
Parks (Continued)				
Lakefront Park	\$ 45,208	\$ 43,397	\$ 1,811	\$ 45,454
Grandview Park	52,456	52,131	325	46,542
Total Culture, Recreation and Education	<u>807,200</u>	<u>750,433</u>	<u>56,767</u>	<u>735,711</u>
Conservation and Development				
Shade Tree Control	140,897	95,167	45,730	108,230
Community Development	382,378	489,407	(107,029)	335,335
Total Conservation and Development	<u>523,275</u>	<u>584,574</u>	<u>(61,299)</u>	<u>443,565</u>
Total Expenditures	<u>9,955,696</u>	<u>10,201,486</u>	<u>(245,790)</u>	<u>9,829,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(551,405)	(443,681)	107,724	(357,435)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of City Property	4,000	12,378	8,378	7,171
Transfers In:				
From Capital Projects Fund	-	-	-	27,664
From Water Utility - Tax Equivalent	500,000	513,079	13,079	485,262
From Sewer Utility - Tax Equivalent	60,000	60,900	900	55,825
Transfers Out:				
To Capital Projects Funds	-	-	-	(1,500,000)
To Debt Service Fund	(61,265)	(69,883)	(8,618)	-
Total Other Financing Sources (Uses)	<u>502,735</u>	<u>516,474</u>	<u>13,739</u>	<u>(924,078)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (48,670)</u>	<u>72,793</u>	<u>\$ 121,463</u>	<u>(1,281,513)</u>
Fund Balance - Beginning of Year		<u>5,533,337</u>		<u>6,814,850</u>
FUND BALANCE - END OF YEAR		<u>\$ 5,606,130</u>		<u>\$ 5,533,337</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2019)**

	2020	2019
ASSETS		
Current Assets		
Cash and Investments:		
Operations	\$ 5,140,658	\$ 5,487,732
Future Facilities Account	103,363	102,734
Customer Accounts Receivable	753,664	718,460
Accounts Receivable on Tax Roll	62,887	67,119
Other Accounts Receivable	53,874	16,756
Due from Other Governmental Units	19,107	21,557
Prepaid Expenses	-	31
Inventories	26,695	27,439
Total Current Assets	6,160,248	6,441,828
Restricted Assets		
Cash and Investments		
Debt Service Funds		
Unspent Bond Proceeds	157	156
Carmichael Impact Assessments	734,002	729,535
Wisconsin Retirement System Net Pension Asset	124,850	-
Total Restricted Assets	859,009	729,691
Capital Assets		
Utility Plant in Service	42,753,878	42,043,934
Less Accumulated Depreciation	15,060,902	13,988,970
Net Utility Plant in Service	27,692,976	28,054,964
Construction Work in Progress	291,714	161,233
Total Capital Assets	27,984,690	28,216,197
Total Assets	35,003,947	35,387,716
DEFERRED OUTFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	292,304	357,318
Other Postemployment Benefits Related	10,210	11,330
State Life Insurance Other Postemployment Benefits Related	14,805	4,005
Total Deferred Outflows of Resources	317,319	372,653

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2019)**

	2020	2019
LIABILITIES		
Current Liabilities Payable from Current Assets		
Vouchers and Accounts Payable	\$ 90,224	\$ 159,216
Due Other Governmental Units	28,058	15,138
Security Deposits	91,968	73,874
Accrued Employee Liabilities	60,691	62,628
Accrued Wages	31,054	22,505
Accrued Interest	9,306	9,838
Current Portion of Mortgage Revenue Bonds	80,267	78,879
Current Portion of General Obligation Bonds	40,000	40,000
Total Current Liabilities Payable From Current Assets	431,568	462,078
 Long-Term Liabilities (Net of Current Portion)		
Total Other Postemployment Benefits Liability	104,837	172,328
Wisconsin Retirement System Net Pension Liability	-	131,217
State Life Insurance Net Other Postemployment Benefits Liability	35,985	25,062
Mortgage Revenue Bonds	1,494,404	1,574,672
General Obligation Bonds	705,890	746,624
Total Long-Term Liabilities (Net of Current Portion)	2,341,116	2,649,903
 Total Liabilities	2,772,684	3,111,981
 DEFERRED INFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	374,881	182,238
Other Postemployment Benefits Related	53,618	4,499
State Life Insurance Other Postemployment Benefits Related	12,019	10,566
Total Deferred Inflows of Resources	440,518	197,303
 NET POSITION		
Net Investment in Capital Assets	25,664,286	25,776,178
Restricted for Impact Assessments	734,002	729,535
Restricted for Pension Plan	124,850	-
Unrestricted	5,584,926	5,945,372
Total Net Position	\$ 32,108,064	\$ 32,451,085

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Sales of Water		
Residential	\$ 1,105,713	\$ 1,031,008
Commercial	1,317,564	1,057,074
Industrial	8,845	9,411
Public Authorities	28,241	35,116
Metered Sales to Temporary Customers	20,595	24,766
Public Fire Protection	414,731	580,327
Private Fire Protection	147,963	146,053
Total Sales of Water	<u>3,043,652</u>	<u>2,883,755</u>
Other Operating Revenues		
Forfeited Discounts	3,164	36,189
Tower Leasing	291,824	276,659
Meter Charge to Sewer	196,418	182,504
Other Operating Revenues	23,315	23,618
Total Other Operating Revenues	<u>514,721</u>	<u>518,970</u>
Total Operating Revenues	<u>3,558,373</u>	<u>3,402,725</u>
OPERATING EXPENSES		
Operation and Maintenance	2,336,204	2,161,889
Depreciation	1,071,932	960,791
Total Operating Expenses	<u>3,408,136</u>	<u>3,122,680</u>
OPERATING INCOME	150,237	280,045
NONOPERATING REVENUES (EXPENSES)		
Investment Income	50,340	181,632
Interest Expense	(47,826)	(49,973)
Gain/Loss on Sale of Capital Assets	5,047	139,769
Net Amortization of Debt Items	734	779
Total Nonoperating Revenues	<u>8,295</u>	<u>272,207</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>158,532</u>	<u>552,252</u>
CAPITAL CONTRIBUTIONS		
Plant Contributed by Developers	4,092	1,358,090
Impact Fees Applied	7,434	49,549
Total Capital Contributions	<u>11,526</u>	<u>1,407,639</u>
TRANSFERS		
Transfer to General Fund	<u>(513,079)</u>	<u>(485,262)</u>
CHANGE IN NET POSITION	(343,021)	1,474,629
Net Position - Beginning of Year	<u>32,451,085</u>	<u>30,976,456</u>
NET POSITION - END OF YEAR	<u>\$ 32,108,064</u>	<u>\$ 32,451,085</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,899,709	\$ 2,710,393
Cash Received for Public Fire Protection	414,731	580,327
Cash Received for Sewer Share of Meter Related Expense	196,418	182,504
Cash Payments to Suppliers for Goods and Services	(1,542,954)	(1,261,318)
Cash Payments for Employee Services	<u>(1,084,880)</u>	<u>(1,022,228)</u>
Net Cash Provided by Operating Activities	883,024	1,189,678
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Payments for Tax Equivalents	(513,079)	(485,262)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(607,505)	(769,826)
Cash Received for Salvage of Capital Assets	5,047	150,607
Cash Received for Impact Fees	7,434	49,549
Cash Received from Issuance of Debt	-	56,386
Principal Paid on Long-Term Debt	(118,880)	(117,515)
Interest Paid on Long-Term Debt	<u>(48,358)</u>	<u>(50,652)</u>
Net Cash Used by Capital and Related Financing Activities	(762,262)	(681,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>50,340</u>	<u>181,632</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(341,977)	204,597
Cash and Cash Equivalents - Beginning of Year	<u>6,320,157</u>	<u>6,115,560</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,978,180</u>	<u>\$ 6,320,157</u>

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 150,237	\$ 280,045
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(256,067)	234,580
Deferred Outflows of Resources	65,014	(164,594)
Deferred Inflows of Resources	192,643	(22,723)
Change in OPEB Plan:		
Asset/Liability	(56,568)	10,644
Deferred Outflows of Resources	(9,680)	(3,647)
Deferred Inflows of Resources	50,572	14,607
Depreciation	1,071,932	960,791
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(35,204)	11,125
Accounts Receivable on Tax Roll	4,232	8,423
Other Accounts Receivable	(37,118)	43,269
Due from Other Governmental Units	2,450	2,466
Prepaid Expenses	31	339
Inventories	744	(1,176)
Increase (Decrease) in Liabilities:		
Accounts Payable	(297,820)	(194,170)
Special Deposits	18,094	4,877
Accrued Wages	8,549	3,005
Accrued Employee Benefits	(1,937)	1,928
Due to Other Governmental Units	12,920	(111)
Net Cash Provided by Operating Activities	<u>\$ 883,024</u>	<u>\$ 1,189,678</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position		
Cash and Investments	\$ 5,244,021	\$ 5,590,466
Cash and Investments - Restricted	734,159	729,691
Cash and Cash Equivalents	<u>\$ 5,978,180</u>	<u>\$ 6,320,157</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital Assets Financed by Customers and Developers	\$ -	\$ 1,358,090

**CITY OF HUDSON, WISCONSIN
WATER UTILITY ENTERPRISE FUND —
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
Pumping		
Salaries and Wages	\$ 128,172	\$ 106,158
Fringe Benefits	69,187	54,096
Power Purchased for Pumping	170,978	191,561
Operating Supplies	61,479	54,313
Maintenance of Structures and Improvements	8,598	49,091
Maintenance of Pumping Plant	68,604	43,922
Total Pumping	<u>507,018</u>	<u>499,141</u>
Water Treatment		
Salaries and Wages	68,991	52,853
Fringe Benefits	31,017	26,847
Operating Supplies	21,409	32,445
Chemicals	31,678	25,296
Maintenance Supplies	11,206	6,236
Total Water Treatment	<u>164,301</u>	<u>143,677</u>
Transmission and Distribution		
General Transmission and Distribution Expenses		
Salaries and Wages	220,902	279,537
Fringe Benefits	113,690	128,160
Operating Supplies	5,817	2,266
Maintenance Supplies	-	5,147
Maintenance		
Reservoirs and Towers		
Salaries and Wages	-	370
Fringe Benefits	-	116
Other Expenses	338,094	10,311
Mains		
Salaries and Wages	1,004	370
Fringe Benefits	373	209
Payment to North Hudson	123,522	117,668
Other Expenses	(2,816)	46,687
Services		
Salaries and Wages	521	1,577
Fringe Benefits	364	930
Other Expenses	6,088	13,501

**CITY OF HUDSON, WISCONSIN
 WATER UTILITY ENTERPRISE FUND —
 SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020	2019
Transmission and Distribution (Continued)		
Maintenance (Continued)		
Meters		
Salaries and Wages	\$ 50,150	\$ 54,107
Fringe Benefits	20,097	20,557
Other Expenses	1,253	2,371
Hydrants		
Salaries and Wages	11,151	6,006
Fringe Benefits	3,731	2,712
Other Expenses	17,330	61,285
Total Transmission and Distribution	911,271	753,887
Meter Reading:		
Salaries and Wages	4,314	5,096
Fringe Benefits	2,779	3,191
Other Expenses	22,353	22,283
Total Meter Reading	29,446	30,570
Customer Accounting and Collection		
Salaries and Wages	37,634	35,485
Fringe Benefits	18,536	17,978
Other Expenses	8,979	11,235
Total Customer Accounting and Collection	65,149	64,698
Administrative and General		
Salaries and Wages	208,547	198,398
Fringe Benefits	82,971	128,098
Office Supplies and Expenses	52,872	52,387
Outside Services Employed	191,245	153,504
Insurance (except transportation)	57,472	63,616
Miscellaneous General Expense	3,442	3,548
Transportation		
Salaries and Wages	2,051	1,461
Fringe Benefits	1,224	869
Insurance	5,710	10,598
Other Expenses	24,691	38,148
Maintenance of General Plant	27,495	19,289
Other		
Miscellaneous	1,299	-
Total Administrative and General	659,019	669,916
Total Operation and Maintenance Expenses	\$ 2,336,204	\$ 2,161,889

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2019)**

	2020	2019
ASSETS		
Current Assets		
Cash and Investments		
Future Facilities Account (Net of Debt Restriction)	\$ 3,451,275	\$ 4,278,240
Customer Accounts Receivable	475,552	423,217
Accounts Receivable on Tax Roll	73,896	72,353
Other Accounts Receivable	24,254	22,354
Due from Other Governmental Units	151,377	90,067
Due from Other Funds	52,284	-
Prepayments	-	96
Total Current Assets	4,228,638	4,886,327
Restricted Assets		
Cash and Investments		
DNR Grant Replacement Account	1,934,360	1,922,587
Wisconsin Retirement System Net Pension Asset	71,583	-
Total Restricted Assets	2,005,943	1,922,587
Capital Assets		
Construction Work in Progress	3,708,094	744,120
Utility Plant in Service	13,338,155	13,305,116
Less: Accumulated Depreciation	9,452,301	9,091,042
Net Capital Assets	7,593,948	4,958,194
Total Assets	13,828,529	11,767,108
DEFERRED OUTFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	167,592	204,389
Other Postemployment Benefits Related	6,807	7,553
State Life Insurance Other Postemployment Benefits Related	10,629	2,877
Total Deferred Outflows of Resources	185,028	214,819

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2019)**

	2020	2019
LIABILITIES		
Current Liabilities Payable from Current Assets		
Vouchers and Accounts Payable	\$ 953,572	\$ 210,957
Construction Contracts Payable	119,792	-
Due to Other Governmental Units	46,929	24,287
Accrued Employee Liabilities	22,413	21,356
Accrued Wages	17,156	14,226
Total Current Liabilities Payable From Current Assets	1,159,862	270,826
Long-Term Liabilities (Less Current Portion)		
Total Other Postemployment Benefits Liability	69,891	114,885
Wisconsin Retirement System Net Pension Liability	-	75,241
State Life Insurance Net Other Postemployment Benefits Liability	25,835	18,005
Total Long-Term Liabilities (Net of Current Portion)	95,726	208,131
Total Liabilities	1,255,588	478,957
DEFERRED INFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	214,938	104,496
Other Postemployment Benefits Related	35,744	2,999
State Life Insurance Other Postemployment Benefits Related	8,629	7,591
Total Deferred Inflows of Resources	259,311	115,086
NET POSITION		
Net Investment in Capital Assets	6,606,248	4,958,194
Restricted for Asset Replacement	1,934,360	1,922,587
Restricted for Pension Plan	71,583	-
Unrestricted	3,886,467	4,507,103
Total Net Position	\$ 12,498,658	\$ 11,387,884

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for Services		
Residential	\$ 1,555,389	\$ 1,430,307
Commercial	537,158	462,370
Industrial	11,399	12,857
Public Authority	39,039	54,310
Less Charges for City/Village Replacement Accounts	<u>(66,140)</u>	<u>(8,798)</u>
Net Charges for Services	2,076,845	1,951,046
Other		
Forfeited Discounts	1,273	17,613
Dam Maintenance Charges	51,396	31,570
Other	<u>336,718</u>	<u>400</u>
Total Operating Revenues	<u>2,466,232</u>	<u>2,000,629</u>
OPERATING EXPENSES		
Operation and Maintenance	1,630,523	1,967,008
Depreciation	<u>361,259</u>	<u>452,362</u>
Total Operating Expenses	<u>1,991,782</u>	<u>2,419,370</u>
OPERATING INCOME (LOSS)	<u>474,450</u>	<u>(418,741)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	58,105	218,706
City	581,119	332,096
Village	<u>58,000</u>	<u>81,925</u>
Total Nonoperating Revenues	<u>697,224</u>	<u>632,727</u>
INCOME BEFORE TRANSFERS	1,171,674	213,986
TRANSFERS		
Transfer to General Fund	<u>(60,900)</u>	<u>(55,825)</u>
CHANGE IN NET POSITION	1,110,774	158,161
Net Position - Beginning of Year	<u>11,387,884</u>	<u>11,229,723</u>
NET POSITION - END OF YEAR	<u>\$ 12,498,658</u>	<u>\$ 11,387,884</u>

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 2,425,198	\$ 1,934,837
Cash Received for Dam Maintenance	51,396	31,570
Cash Paid for City/Village Surcharges	(104,808)	(39,867)
Cash Paid for Sewer Share of Meter Related Expense	(196,418)	(182,504)
Cash Payments to Suppliers for Goods and Services	(894,401)	(1,020,466)
Cash Payments for Employee Services	<u>(670,886)</u>	<u>(601,058)</u>
Net Cash Provided by Operating Activities	610,081	122,512
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Temporary Advance with Other Funds and Related Repayment	(52,284)	-
Cash Payments for Tax Equivalents	<u>(60,900)</u>	<u>(55,825)</u>
Net Cash Used by Noncapital Activities Financing Activities	<u>(113,184)</u>	<u>(55,825)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(2,009,313)	(820,394)
Cash Received as Utility Hook-up Fees	<u>639,119</u>	<u>414,021</u>
Net Cash Used by Capital and Related Financing Activities	(1,370,194)	(406,373)
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>58,105</u>	<u>218,706</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(815,192)	(120,980)
Cash and Cash Equivalents - Beginning of Year	<u>6,200,827</u>	<u>6,321,807</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,385,635</u></u>	<u><u>\$ 6,200,827</u></u>

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 474,450	\$ (418,741)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(146,824)	139,751
Deferred Outflows of Resources	36,797	(84,108)
Deferred Inflows of Resources	110,442	(23,423)
Change in OPEB Plans Activity:		
Liability	(37,164)	6,712
Deferred Outflows of Resources	(7,006)	(2,397)
Deferred Inflows of Resources	33,783	10,261
Depreciation	361,259	452,362
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(52,335)	(32,904)
Accounts Receivable on Tax Roll	(1,543)	(9,828)
Other Accounts Receivable	(1,900)	(288)
Due from Other Governments	(61,310)	(28,813)
Prepayments	96	(96)
Increase (Decrease) in Liabilities:		
Accounts Payable	(125,293)	108,102
Accrued Wages	2,930	3,510
Due to Other Government Units	22,642	(2,256)
Accrued Employee Benefits	1,057	4,668
Net Cash Provided by Operating Activities	\$ 610,081	\$ 122,512
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position		
Cash and Investments	\$ 3,451,275	\$ 4,278,240
Cash and Investments - Restricted	1,934,360	1,922,587
Cash and Cash Equivalents	\$ 5,385,635	\$ 6,200,827

**CITY OF HUDSON, WISCONSIN
SEWER UTILITY ENTERPRISE FUND —
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
Collection System		
Salaries and Related Costs	\$ 35,870	\$ 31,408
Supplies	1,014	2,995
Other Services and Charges	<u>23,078</u>	<u>304,222</u>
Total Collection System	<u>59,962</u>	<u>338,625</u>
Wastewater Treatment Plant		
Salaries and Related Costs	381,860	360,324
Supplies	91,508	86,616
Biosolids Charges	342,108	404,464
Other Services and Charges	<u>207,847</u>	<u>205,750</u>
Total Wastewater Treatment Plant	<u>1,023,323</u>	<u>1,057,154</u>
Lift Stations		
Salaries and Related Costs	37,605	37,398
Supplies	2,561	3,229
Other Services and Charges	<u>2,457</u>	<u>22,621</u>
Total Lift Stations	<u>42,623</u>	<u>63,248</u>
Dams		
Salaries and Related Costs	6,841	3,878
Other Services and Charges	<u>757</u>	<u>1,855</u>
Total Dams	<u>7,687</u>	<u>5,852</u>
Meter Reading		
Salaries and Related Costs	8,131	12,889
Supplies	6,839	5,849
Meter Use Charge Paid to Water Utility	<u>196,418</u>	<u>182,504</u>
Total Meter Reading	<u>211,388</u>	<u>201,242</u>
Administrative and General		
Salaries and Related Costs	194,594	210,135
Supplies	4,304	3,443
Insurance	54,554	58,710
Other Services and Charges	<u>32,088</u>	<u>28,599</u>
Total Administrative and General	<u>285,540</u>	<u>300,887</u>
Total Operation and Maintenance Expenses	<u>\$ 1,630,523</u>	<u>\$ 1,967,008</u>

**CITY OF HUDSON, WISCONSIN
PARKING UTILITY ENTERPRISE FUND —
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Investments		
Operations	\$ 25,443	\$ 18,170
Future Facilities	62,444	128,453
Accounts Receivable	9,725	10,147
Special Assessments	8,881	17,763
Receivable on Tax Roll	10,147	-
Total Current Assets	<u>116,640</u>	<u>174,533</u>
Restricted Assets		
Wisconsin Retirement System Pension Plan Asset	<u>7,784</u>	<u>-</u>
Capital Assets		
Parking Assets in Service	2,197,301	2,124,077
Less Accumulated Depreciation	<u>675,370</u>	<u>612,652</u>
Total Capital Assets	<u>1,521,931</u>	<u>1,511,425</u>
Total Assets	<u>1,646,355</u>	<u>1,685,958</u>
DEFERRED OUTFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	18,224	22,458
Other Postemployment Benefits Related	<u>1,134</u>	<u>1,259</u>
Total Deferred Outflows of Resources	<u>19,358</u>	<u>23,717</u>
LIABILITIES		
Current Liabilities		
Vouchers and Accounts Payable	80,909	18,287
Accrued Wages	2,966	2,034
Accrued Employee Benefits	2,171	1,488
Due Other Governmental Units	580	411
Security Deposit	125	125
Total Current Liabilities	<u>86,751</u>	<u>22,345</u>
Long-Term Liabilities		
Wisconsin Retirement System Net Pension Liability	-	8,232
Total Other Postemployment Benefits Liability	<u>11,649</u>	<u>19,148</u>
Total Long-Term Liabilities	<u>11,649</u>	<u>27,380</u>
DEFERRED INFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Plan Related	23,373	11,433
Other Postemployment Benefits Related	<u>5,958</u>	<u>500</u>
Total Deferred Inflows of Resources	<u>29,331</u>	<u>11,933</u>
NET POSITION		
Net Investment in Capital Assets	1,448,707	1,511,425
Restricted	7,784	-
Unrestricted	81,491	136,592
Total Net Position	<u>\$ 1,537,982</u>	<u>\$ 1,648,017</u>

**CITY OF HUDSON, WISCONSIN
PARKING UTILITY ENTERPRISE FUND —
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Parking Meters	\$ 139,604	\$ 113,296
Parking Permits	15,436	20,228
Parking Tickets	8,527	35,372
Other	1,655	5,064
Total Operating Revenues	<u>165,222</u>	<u>173,960</u>
OPERATING EXPENSES		
Operation and Maintenance		
General Utility	161,877	111,805
Parking Lots	14,629	13,380
Meters	38,097	17,735
Total Operation and Maintenance	<u>214,603</u>	<u>142,920</u>
Depreciation	62,718	59,174
Total Operating Expenses	<u>277,321</u>	<u>202,094</u>
OPERATING LOSS	(112,099)	(28,134)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	<u>2,064</u>	<u>8,943</u>
CHANGE IN NET POSITION	(110,035)	(19,191)
Net Position - Beginning of Year	<u>1,648,017</u>	<u>1,667,208</u>
NET POSITION - END OF YEAR	<u>\$ 1,537,982</u>	<u>\$ 1,648,017</u>

**CITY OF HUDSON, WISCONSIN
PARKING UTILITY ENTERPRISE FUND —
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 155,631	\$ 133,935
Cash Received from Parking Forfeitures	8,917	49,317
Cash Payments to Suppliers for Goods and Services	(128,258)	(33,051)
Cash Payments for Employee Services	<u>(97,090)</u>	<u>(89,745)</u>
Net Cash Provided (Used) by Operating Activities	(60,800)	60,456
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	<u>-</u>	<u>(304,545)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>2,064</u>	<u>8,943</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(58,736)	(235,146)
Cash and Cash Equivalents - Beginning of Year	<u>146,623</u>	<u>381,769</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 87,887</u>	<u>\$ 146,623</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (112,099)	\$ (28,134)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	(16,016)	16,675
Deferred Outflows of Resources	4,234	(6,717)
Deferred Inflows of Resources	11,940	(5,308)
Change in OPEB Plan:		
Asset/Liability	(7,499)	2,010
Deferred Outflows of Resources	125	(477)
Deferred Inflows of Resources	5,458	500
Depreciation	62,718	59,174
(Increase) Decrease in Assets:		
Accounts Receivable	422	422
Other Receivables	(1,265)	8,881
Increase (Decrease) in Liabilities:		
Accounts Payable	(10,602)	12,922
Due to Other Governmental Units	169	(11)
Accrued Wages Payable	932	756
Accrued Employee Benefits	683	(237)
Net Cash Provided (Used) by Operating Activities	<u>\$ (60,800)</u>	<u>\$ 60,456</u>

**CITY OF HUDSON, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND —
 STATEMENT OF NET POSITION
 DECEMBER 31, 2020
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020	2019
ASSETS		
Current Assets		
Cash and Investments		
Operations	\$ 758,096	\$ 704,004
Asset Replacement	28,130	27,959
Accounts Receivable		
Customer/Patient	83,884	248,563
Allowance for Doubtful Accounts	(44,369)	(162,070)
Total Assets	825,741	818,456
LIABILITIES		
Current Liabilities		
Vouchers and Accounts Payable	2,732	16,428
Accrued Wages	-	713
Total Current Liabilities	2,732	17,141
NET POSITION		
Unrestricted	\$ 823,009	\$ 801,315

**CITY OF HUDSON, WISCONSIN
AMBULANCE SERVICE ENTERPRISE FUND —
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Patient Revenue		
Charges	\$ -	\$ 1,251,443
Less Adjustments	-	(712,092)
Intergovernmental		
State Grant	10,502	25,837
Contracts		
City	-	117,955
Others	-	241,729
Other	48,533	-
Total Operating Revenues	<u>59,035</u>	<u>924,872</u>
OPERATING EXPENSES		
Operation and Maintenance		
Salaries and Related Costs	3,314	853,531
Other Services and Charges	32,355	215,087
Operating Supplies and Expenses	19	56,958
Insurance	3,505	38,134
Building Use Payment to City	-	5,265
Total Operation and Maintenance	<u>39,193</u>	<u>1,168,975</u>
Depreciation	-	43,700
Total Operating Expenses	<u>39,193</u>	<u>1,212,675</u>
OPERATING INCOME (LOSS)	19,842	(287,803)
NONOPERATING REVENUES (EXPENSES):		
Investment Income	530	7,540
Gain/Loss on Sale of Assets	1,322	(343,677)
Interest Expense	-	(269)
Total Nonoperating Revenues (Expenses)	<u>1,852</u>	<u>(336,406)</u>
CHANGE IN NET POSITION	21,694	(624,209)
Net Position - Beginning of Year	<u>801,315</u>	<u>1,425,524</u>
NET POSITION - END OF YEAR	<u>\$ 823,009</u>	<u>\$ 801,315</u>

**CITY OF HUDSON, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND —
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2020
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers/Patients	\$ 46,978	\$ 618,540
Cash Received from Government Subsidies/Contracts/Grants	59,035	378,817
Cash Payments to Suppliers for Goods and Services	(49,575)	(323,157)
Cash Payments for Employee Services	<u>(4,027)</u>	<u>(907,695)</u>
Net Cash Provided (Used) by Operating Activities	52,411	(233,495)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received for Salvage of Assets	1,322	180,201
Cash Paid on General Fund Advance	-	(23,811)
Cash Paid for Interest on Advance	-	(269)
Net Cash Provided by Capital Financing Activities	<u>1,322</u>	<u>156,121</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>530</u>	<u>7,540</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	54,263	(69,834)
Cash and Cash Equivalents - Beginning of Year	<u>731,963</u>	<u>801,797</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 786,226</u></u>	<u><u>\$ 731,963</u></u>

**CITY OF HUDSON, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND —
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 19,842	\$ (287,803)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Change in Pension Plan:		
Asset/Liability	-	100,620
Deferred Outflows of Resources	-	187,609
Deferred Inflows of Resources	-	(199,522)
Change in OPEB Plans:		
Asset/Liability	-	(117,153)
Deferred Outflows of Resources	-	6,742
Deferred Inflows of Resources	-	(202)
Depreciation	-	43,700
Allowance for Customer/Patient Accounts Receivable	(117,701)	(93,554)
(Increase) Decrease in Assets:		
Customer/Patient Accounts Receivable	164,679	174,458
Prepaid Assets	-	300
Increase Decrease in Liabilities:		
Unearned Revenues	-	(6,704)
Accrued Employee Liabilities	(713)	(33,973)
Accounts Payable	(13,696)	(8,013)
Net Cash Provided (Used) by Operating Activities	\$ 52,411	\$ (233,495)