

CITY OF HUDSON, WISCONSIN

Annual Financial Report

December 31, 2024

CITY OF HUDSON, WISCONSIN

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INDEPENDENT AUDITORS' REPORT



Independent Auditors' Report

To the City Council
City of Hudson
Hudson, Wisconsin

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City of Hudson, Wisconsin's basic financial statements as listed in the table of contents.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

For the year ended December 31, 2024, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in total OPEB liability and related ratios, schedules of employer's proportionate share of the net OPEB liability and employer contributions - local retiree life insurance plan and schedule of budgetary comparison - budget and actual - general fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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.

To the City Council
City of Hudson, Wisconsin

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Hudson, Wisconsin's basic financial statements. The combining balance sheet - nonmajor governmental funds and combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements, as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the detailed schedule of budgetary comparisons revenues and other financing sources – general fund and the detailed schedule of budgetary comparison expenditures and other financing use – general fund, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
June 10, 2025

FINANCIAL STATEMENTS

CITY OF HUDSON, WISCONSIN

Statement of Net Position
As of December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Access Board
ASSETS				
Current Assets				
Cash and Investments	\$ 24,934,239	\$ 15,437,864	\$ 40,372,103	\$ 1,547,473
Receivables:				
Property Taxes	14,457,644	-	14,457,644	-
Delinquent Property Taxes	10,770	228,356	239,126	-
Special Assessments	107,625	-	107,625	-
Accounts	989,078	1,889,044	2,878,122	-
Interest	75,949	-	75,949	-
Due From Other Governments	510,027	-	510,027	-
Lease Receivables	150,567	234,192	384,759	-
Prepaid Items	47,239	235	47,474	78
Inventories	78	48,041	48,119	-
Total Current Assets	41,283,216	17,837,732	59,120,948	1,547,551
Noncurrent Assets				
Restricted Cash and Investments	-	2,027,334	2,027,334	-
Restricted Impact Assessments	-	898,491	898,491	-
Lease Receivables	1,714,519	2,018,162	3,732,681	-
Capital Assets - Nondepreciable	18,274,268	1,236,954	19,511,222	-
Capital Assets - Depreciable, Net of Depreciation	48,863,995	45,291,120	94,155,115	80,081
Total Noncurrent Assets	68,852,782	51,472,061	120,324,843	80,081
TOTAL ASSETS	110,135,998	69,309,793	179,445,791	1,627,632
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	5,994,923	854,041	6,848,964	55,114
Other Post-Employment Related Amounts - LRLIF	137,055	33,970	171,025	957
Other Post-Employment Related Amounts - Single-Employer	142,841	35,405	178,246	997
Total Deferred Outflows of Resources	6,274,819	923,416	7,198,235	57,068
LIABILITIES				
Current Liabilities				
Accounts Payable	735,952	133,422	869,374	488
Accrued Liabilities	379,778	76,387	456,165	5,324
Due to Other Governments	5	24	29	-
Accrued Interest Payable	1,048,270	35,308	1,083,578	-
Deposits from Others	-	114,611	114,611	-
Compensated Absences	204,906	43,771	248,677	3,638
Current Portion of Lease Liability	4,514	-	4,514	-
Current Portion of Long-Term Obligations	2,705,000	729,137	3,434,137	-
Unearned Revenues:				
American Rescue Plan Act Funds	339,449	-	339,449	-
Total Current Liabilities	5,417,874	1,132,660	6,550,534	9,450
Noncurrent Liabilities				
Net Pension Liability	669,224	95,338	764,562	6,153
Other Post-Employment Benefits - LRLIF	297,136	73,649	370,785	2,075
Other Post-Employment Benefits - Single Employer	1,209,498	299,786	1,509,284	8,445
Lease Liability	1,057	-	1,057	-
Noncurrent Portion of Compensated Absences	157,318	51,353	208,671	-
Noncurrent Portion of Long-Term Obligations	45,662,488	11,901,113	57,563,601	-
Total NonCurrent Liabilities	47,996,721	12,421,239	60,417,960	16,673
TOTAL LIABILITIES	53,414,595	13,553,899	66,968,494	26,123
DEFERRED INFLOWS OF RESOURCES				
Taxes Levied for Subsequent Period	14,457,642	-	14,457,642	-
Lease Receivables	1,865,086	2,252,354	4,117,440	-
Pension Related Amounts	3,596,189	512,316	4,108,505	33,062
Other Post-Employment Related Amounts - LRLIF	162,084	40,175	202,259	1,132
Other Post-Employment Related Amounts - Single-Employer	453,683	112,450	566,133	3,168
Total Deferred Inflows of Resources	20,534,684	2,917,295	23,451,979	37,362
NET POSITION				
Net Investment in Capital Assets	26,075,659	33,897,824	59,973,483	80,081
Restricted	10,083,746	3,172,212	13,255,958	1,541,134
Unrestricted	6,302,133	16,691,979	22,994,112	-
TOTAL NET POSITION	\$ 42,461,538	\$ 53,762,015	\$ 96,223,553	1,621,215

See Accompanying Notes

CITY OF HUDSON, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Joint Library	Community Access Board
					Governmental Activities	Business-Type Activities	Total		
GOVERNMENTAL ACTIVITIES									
General Government	\$ 3,198,293	\$ 122,917	\$ 5,328	\$ -	\$ (3,070,048)	\$ -	\$ (3,070,048)	\$ -	\$ -
Public Safety	7,448,593	1,517,284	212,568	-	(5,718,741)	-	(5,718,741)	-	-
Transportation Facilities	5,874,561	526,870	1,212,216	969,392	(3,166,083)	-	(3,166,083)	-	-
Sanitation	20,941	-	-	-	(20,941)	-	(20,941)	-	-
Health and Human Services	17,910	26,900	-	-	8,990	-	8,990	-	-
Culture and Recreation	1,873,696	531,903	272,774	-	(1,069,019)	-	(1,069,019)	-	-
Conservation and Development	589,701	-	-	-	(589,701)	-	(589,701)	-	-
Interest and Fiscal Charges	1,900,544	-	-	-	(1,900,544)	-	(1,900,544)	-	-
Total Governmental Activities	<u>20,924,239</u>	<u>2,725,874</u>	<u>1,702,886</u>	<u>969,392</u>	<u>(15,526,087)</u>	<u>-</u>	<u>(15,526,087)</u>	<u>-</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES									
Water Utility	3,402,742	4,044,057	-	274,373	-	915,688	915,688	-	-
Sewer Utility	3,103,184	3,296,955	145,671	-	-	339,442	339,442	-	-
Parking Facilities	304,384	273,409	-	-	-	(30,975)	(30,975)	-	-
Total Business-Type Activities	<u>6,810,310</u>	<u>7,614,421</u>	<u>145,671</u>	<u>274,373</u>	<u>-</u>	<u>1,224,155</u>	<u>1,224,155</u>	<u>-</u>	<u>-</u>
TOTAL CITY OF HUDSON	<u>\$ 27,734,549</u>	<u>\$ 10,340,295</u>	<u>\$ 1,848,557</u>	<u>\$ 1,243,765</u>	<u>(15,526,087)</u>	<u>1,224,155</u>	<u>(14,301,932)</u>	<u>-</u>	<u>-</u>
COMPONENT UNITS									
Joint Library	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
Community Access Board	224,667	165,368	45,543	-	-	-	-	-	(13,756)
Total Component Units	<u>\$ 224,667</u>	<u>\$ 165,368</u>	<u>\$ 45,543</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,756)</u>
GENERAL REVENUES									
Taxes:									
General Property Taxes					7,943,663	-	7,943,663	-	-
Debt Service					2,731,357	-	2,731,357	-	-
Tax Increments					1,243,712	-	1,243,712	-	-
Other Taxes					576,922	-	576,922	-	-
State and Federal Aids not Restricted to Specific Functions					757,860	-	757,860	-	-
Interest and Investment Earnings					1,430,872	891,373	2,322,245	-	80,866
Insurance Recoveries and Dividends					57,940	-	57,940	-	-
Sale of Capital Asset					16,350	-	16,350	-	-
Miscellaneous					444,997	106,085	551,082	-	116
Total General Revenues					<u>15,203,673</u>	<u>997,458</u>	<u>16,201,131</u>	<u>-</u>	<u>80,982</u>
TRANSFERS					<u>472,735</u>	<u>(472,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION					<u>150,321</u>	<u>1,748,878</u>	<u>1,899,199</u>	<u>-</u>	<u>67,226</u>
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					<u>41,451,482</u>	<u>52,081,618</u>	<u>93,533,100</u>	<u>1,076,958</u>	<u>1,553,989</u>
Change in Reporting Entity					1,076,958	-	1,076,958	(1,076,958)	-
Change in Accounting Principle					(217,223)	(68,481)	(285,704)	-	-
NET POSITION - BEGINNING OF YEAR, AS RESTATED					<u>42,311,217</u>	<u>52,013,137</u>	<u>94,324,354</u>	<u>-</u>	<u>1,553,989</u>
NET POSITION - END OF YEAR					<u>\$ 42,461,538</u>	<u>\$ 53,762,015</u>	<u>\$ 96,223,553</u>	<u>\$ -</u>	<u>\$ 1,621,215</u>

CITY OF HUDSON, WISCONSIN

Balance Sheet
Governmental Funds
As of December 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Incremental District No. 5	Tax Incremental District No. 6	Nonmajor Governmental Funds	Total
ASSETS							
Cash and Investments	\$ 5,444,466	\$ 282,583	\$ 10,502,302	\$ 1,849,212	\$ 243,190	\$ 6,612,486	\$ 24,934,239
Receivables:							
Property Taxes	8,136,931	3,820,943	34,255	1,313,682	1,151,833	-	14,457,644
Delinquent Property Taxes	10,770	-	-	-	-	-	10,770
Special Assessments	-	-	107,625	-	-	-	107,625
Accounts	632,542	-	1,360	-	-	355,176	989,078
Leases	1,865,086	-	-	-	-	-	1,865,086
Interest	75,949	-	-	-	-	-	75,949
Due From Other Governments	-	510,000	-	-	-	27	510,027
Prepaid Items	47,239	-	-	-	-	-	47,239
Inventories	-	-	-	-	-	78	78
TOTAL ASSETS	\$ 16,212,983	\$ 4,613,526	\$ 10,645,542	\$ 3,162,894	\$ 1,395,023	\$ 6,967,767	\$ 42,997,735
LIABILITIES							
Accounts Payable	\$ 486,000	\$ -	\$ 229,797	\$ 2,000	\$ 1,999	\$ 16,156	\$ 735,952
Accrued Liabilities	336,778	-	-	-	-	43,000	379,778
Due to Other Governments	5	-	-	-	-	-	5
Unearned Revenue:							
American Rescue Plan Act Funds	-	-	-	-	-	339,449	339,449
Total Liabilities	822,783	-	229,797	2,000	1,999	398,605	1,455,184
DEFERRED INFLOWS OF RESOURCES							
Taxes Levied for Subsequent Period	8,136,930	3,820,943	34,255	1,313,681	1,151,833	-	14,457,642
Leases Receivable	1,865,086	-	-	-	-	-	1,865,086
Unavailable Revenues - Special Assessments	-	-	100,329	-	-	-	100,329
Unavailable Revenues - Others	-	510,000	-	-	-	-	510,000
Total Deferred Inflows of Resources	10,002,016	4,330,943	134,584	1,313,681	1,151,833	-	16,933,057
FUND BALANCES							
Nonspendable	58,009	-	-	-	-	78	58,087
Restricted	-	282,583	10,281,161	1,847,213	241,191	3,295,126	15,947,274
Committed	-	-	-	-	-	3,133,026	3,133,026
Assigned	548,100	-	-	-	-	140,932	689,032
Unassigned	4,782,075	-	-	-	-	-	4,782,075
Total Fund Balances	5,388,184	282,583	10,281,161	1,847,213	241,191	6,569,162	24,609,494
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,212,983	\$ 4,613,526	\$ 10,645,542	\$ 3,162,894	\$ 1,395,023	\$ 6,967,767	\$ 42,997,735

See Accompanying Notes

CITY OF HUDSON, WISCONSIN
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of December 31, 2024

Total Fund Balances - Governmental Funds \$ 24,609,494

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental Capital Assets	\$ 154,338,101	
Governmental Accumulated Depreciation	<u>(87,199,838)</u>	67,138,263

Some receivables that are 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.

Other Receivables from Municipalities	510,000	
Special Assessments	<u>100,329</u>	610,329

The City's proportionate share of the Wisconsin Retirement System pension plan and Other Post-Employment Benefits are not available financial resources; therefore, they are not reported in the fund financial statements.

Deferred Outflows Related to Pension		5,994,923
Deferred Outflows Related to LRLIF		137,055
Deferred Outflows Related to OPEB Single-Employer		142,841
Deferred Inflows Related to Pension		(3,596,189)
Deferred Inflows Related to LRLIF		(162,084)
Deferred Inflows Related to OPEB Single-Employer		(453,683)

Net pension liability is not payable in the current period therefore not reported in the fund financial statements		(669,224)
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Post-employment benefit liabilities are not payable in the current period therefore not reported in the fund financial statements

Net Other Post-Employment Benefits Liability - LRLIF	(297,136)
Net Other Post-Employment Benefits Liability - Single-Employer Plan	(1,209,498)

Noncurrent liabilities, including bonds, notes payable and lease liability, are not due in the current period and therefore not reported in the fund statements. Noncurrent liabilities reported in the statement of net position that are not reported in the funds balance sheet

General Debt	(46,400,000)
Lease Liability	(5,571)
Premium on Debt Issued	(1,967,488)
Accrued Interest on General Obligation Debt	(1,048,270)
Vested Employee Benefits	<u>(362,224)</u>

Total Net Position - Governmental Activities \$ 42,461,538

CITY OF HUDSON, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Incremental District No. 5	Tax Incremental District No. 6	Nonmajor Governmental Funds	Total
REVENUES							
Taxes	\$ 7,943,677	\$ 2,731,357	\$ -	\$ 532,831	\$ 710,881	\$ 576,908	\$ 12,495,654
Special Assessments	-	-	93,663	-	-	62,171	155,834
Intergovernmental	1,862,859	-	493,526	-	-	363,411	2,719,796
Licenses and Permits	509,399	-	-	-	-	-	509,399
Fines, Forfeitures and Penalties	75,804	-	-	-	-	9	75,813
Public Charges for Services	372,551	-	-	-	-	1,113,312	1,485,863
Intergovernmental Charges for Services	903,768	-	-	-	-	315,447	1,219,215
Miscellaneous	775,304	15,162	705,221	99,222	13,050	310,157	1,918,116
Total Revenues	<u>12,443,362</u>	<u>2,746,519</u>	<u>1,292,410</u>	<u>632,053</u>	<u>723,931</u>	<u>2,741,415</u>	<u>20,579,690</u>
EXPENDITURES							
General Government	2,478,096	-	-	-	-	-	2,478,096
Public Safety	6,636,955	-	-	-	-	74,463	6,711,418
Transportation Facilities	1,938,007	-	-	-	-	405,202	2,343,209
Sanitation	20,941	-	-	-	-	-	20,941
Health and Human Services	17,322	-	-	-	-	-	17,322
Culture and Recreation	483,078	-	-	-	-	1,776,844	2,259,922
Conservation and Development	551,791	-	-	-	-	-	551,791
Debt Service:							
Principal Retirement	8,773	3,950,000	-	125,000	-	-	4,083,773
Interest and Fiscal Charges	1,397	1,286,706	-	158,119	-	-	1,446,222
Capital Outlay	49,959	-	15,372,780	2,724	16,361	363,411	15,805,235
Total Expenditures	<u>12,186,319</u>	<u>5,236,706</u>	<u>15,372,780</u>	<u>285,843</u>	<u>16,361</u>	<u>2,619,920</u>	<u>35,717,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>257,043</u>	<u>(2,490,187)</u>	<u>(14,080,370)</u>	<u>346,210</u>	<u>707,570</u>	<u>121,495</u>	<u>(15,138,239)</u>
OTHER FINANCING SOURCES (USE)							
Proceeds of Long-Term Debt	-	1,771,765	17,488,235	-	-	-	19,260,000
Debt Premium	-	742,401	571,697	-	-	-	1,314,098
Sale of Capital Assets	16,350	-	-	-	-	-	16,350
Transfers In	472,735	-	-	-	-	744,366	1,217,101
Transfers Out	(744,366)	-	-	-	-	-	(744,366)
Total Other Financing Sources (Use)	<u>(255,281)</u>	<u>2,514,166</u>	<u>18,059,932</u>	<u>-</u>	<u>-</u>	<u>744,366</u>	<u>21,063,183</u>
NET CHANGE IN FUND BALANCES	<u>1,762</u>	<u>23,979</u>	<u>3,979,562</u>	<u>346,210</u>	<u>707,570</u>	<u>865,861</u>	<u>5,924,944</u>
FUND BALANCES (DEFICIT) - BEGINNING AS PREVIOUSLY REPORTED	5,386,422	258,604	6,301,599	1,501,003	(466,379)	5,330,796	18,312,045
Change in Reporting Entity	-	-	-	-	-	372,505	372,505
FUND BALANCES (DEFICIT) - BEGINNING, AS RESTATED	<u>5,386,422</u>	<u>258,604</u>	<u>6,301,599</u>	<u>1,501,003</u>	<u>(466,379)</u>	<u>5,703,301</u>	<u>18,684,550</u>
FUND BALANCES - ENDING	<u>\$ 5,388,184</u>	<u>\$ 282,583</u>	<u>\$ 10,281,161</u>	<u>\$ 1,847,213</u>	<u>\$ 241,191</u>	<u>\$ 6,569,162</u>	<u>\$ 24,609,494</u>

See Accompanying Notes

CITY OF HUDSON, WISCONSIN

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Net Changes in Fund Balances (Deficit) - Total Governmental Funds \$ 5,924,944

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 14,410,325	
Depreciation expense reported in the statement of activities	<u>(3,234,993)</u>	
Amount by which capital outlays are greater than depreciation in the current period.		11,175,332

Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements.		228,934
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Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financials.		
Net OPEB Liability - LRLIF	(33,934)	
Total OPEB Liability - Single-Employer	<u>(140,152)</u>	(174,086)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Other Receivables from Municipalities	(45,000)	
Special Assessments	<u>5,785</u>	(39,215)

Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits was more than the amount paid.		(19,544)
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		
Bonds and Notes Payable	4,075,000	
Lease Liability	<u>8,773</u>	4,083,773

Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.		
Bonds and Notes Payable		(19,260,000)

Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.		(656,832)
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Debt premium, discount and amortization are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The activity for the current year is as follows:		
Premium on New Debt	(1,314,098)	
Amortization of Premium	<u>201,113</u>	<u>(1,112,985)</u>

Change in Net Position - Governmental Activities		<u><u>\$ 150,321</u></u>
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CITY OF HUDSON, WISCONSIN

Statement of Net Position

Proprietary Funds

As of December 31, 2024

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Fund Parking Utility</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 8,449,772	\$ 6,752,287	\$ 235,805	\$ 15,437,864
Receivables:				
Customers	945,161	828,049	-	1,773,210
Receivables on Tax Roll	102,673	125,683	-	228,356
Other	16,530	99,304	-	115,834
Lease Receivables	234,192	-	-	234,192
Prepaid Items	157	78	-	235
Inventories	48,041	-	-	48,041
Total Current Assets	<u>9,796,526</u>	<u>7,805,401</u>	<u>235,805</u>	<u>17,837,732</u>
Noncurrent Assets:				
Restricted Cash	168	2,027,166	-	2,027,334
Restricted Impact Assessments	898,491	-	-	898,491
Lease Receivables	2,018,162	-	-	2,018,162
Nondepreciable Capital Assets	235,298	241,094	760,562	1,236,954
Depreciable Capital Assets, Net of Depreciation	28,402,660	16,446,509	441,951	45,291,120
Total Noncurrent Assets	<u>31,554,779</u>	<u>18,714,769</u>	<u>1,202,513</u>	<u>51,472,061</u>
TOTAL ASSETS	<u>41,351,305</u>	<u>26,520,170</u>	<u>1,438,318</u>	<u>69,309,793</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	522,255	298,922	32,864	854,041
Other Post-Employment Related Amounts - LRLIF	20,476	13,494	-	33,970
Other Post-Employment Related Amounts - Single-Employer	21,341	13,088	976	35,405
Total Deferred Outflows of Resources	<u>564,072</u>	<u>325,504</u>	<u>33,840</u>	<u>923,416</u>
CURRENT LIABILITIES				
Accounts Payable	92,112	35,174	6,136	133,422
Accrued Liabilities	44,821	28,634	2,932	76,387
Accrued Interest	8,060	27,248	-	35,308
Due to Other Governments	-	24	-	24
Deposits from Others	114,486	-	125	114,611
Current Portion of Compensated Absences	24,370	18,829	572	43,771
Current Portion of Long-Term Obligations	126,069	603,068	-	729,137
Total Current Liabilities	<u>409,918</u>	<u>712,977</u>	<u>9,765</u>	<u>1,132,660</u>
NONCURRENT LIABILITIES				
Net Pension Liability - Wisconsin Retirement System	58,300	33,369	3,669	95,338
Other Post-Employment Benefits - LRLIF	44,393	29,256	-	73,649
Other Post-Employment Benefits - Single Employer	180,701	110,819	8,266	299,786
Noncurrent Portion of Compensated Absences	28,178	21,211	1,964	51,353
Noncurrent Portion of Long-Term Obligations	1,702,218	10,198,895	-	11,901,113
Total Noncurrent Liabilities	<u>2,013,790</u>	<u>10,393,550</u>	<u>13,899</u>	<u>12,421,239</u>
TOTAL LIABILITIES	<u>2,423,708</u>	<u>11,106,527</u>	<u>23,664</u>	<u>13,553,899</u>
DEFERRED INFLOWS OF RESOURCES				
Lease Receivables	2,252,354	-	-	2,252,354
Pension Related Amounts	313,287	179,315	19,714	512,316
Other Post-Employment Related Amounts - LRLIF	24,216	15,959	-	40,175
Other Post-Employment Related Amounts - Single-Employer	67,781	41,568	3,101	112,450
Total Deferred Inflows of Resources	<u>2,657,638</u>	<u>236,842</u>	<u>22,815</u>	<u>2,917,295</u>
NET POSITION				
Net Investment in Capital Assets	26,809,671	5,885,640	1,202,513	33,897,824
Restricted	1,049,327	2,113,404	9,481	3,172,212
Unrestricted	8,975,033	7,503,261	213,685	16,691,979
TOTAL NET POSITION	<u>\$ 36,834,031</u>	<u>\$ 15,502,305</u>	<u>\$ 1,425,679</u>	<u>\$ 53,762,015</u>

See Accompanying Notes

CITY OF HUDSON, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Fund Parking Utility</u>	<u>Total</u>
OPERATING REVENUES				
Charges for Services	\$ 3,586,853	\$ 3,274,015	\$ 266,423	\$ 7,127,291
Other Operating Revenues	457,204	22,940	6,986	487,130
Total Operating Revenues	<u>4,044,057</u>	<u>3,296,955</u>	<u>273,409</u>	<u>7,614,421</u>
OPERATING EXPENSES				
Operation and Maintenance	2,335,026	2,066,008	222,805	4,623,839
Depreciation	1,031,119	874,838	81,579	1,987,536
Total Operating Expenses	<u>3,366,145</u>	<u>2,940,846</u>	<u>304,384</u>	<u>6,611,375</u>
OPERATING INCOME (LOSS)	<u>677,912</u>	<u>356,109</u>	<u>(30,975)</u>	<u>1,003,046</u>
NONOPERATING REVENUES (EXPENSE)				
Investment Income	392,280	486,441	12,652	891,373
Interest Expense	(36,597)	(162,338)	-	(198,935)
Hook-up Fees	-	145,671	-	145,671
Miscellaneous	67,145	38,940	-	106,085
Total Nonoperating Revenues (Expense)	<u>422,828</u>	<u>508,714</u>	<u>12,652</u>	<u>944,194</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,100,740	864,823	(18,323)	1,947,240
TRANSFERS OUT	(451,135)	(21,600)	-	(472,735)
CAPITAL CONTRIBUTIONS	<u>274,373</u>	<u>-</u>	<u>-</u>	<u>274,373</u>
CHANGE IN NET POSITION	<u>923,978</u>	<u>843,223</u>	<u>(18,323)</u>	<u>1,748,878</u>
NET POSITION - BEGINNING AS PREVIOUSLY REPORTED	35,942,292	14,689,589	1,449,737	52,081,618
Change in Accounting Principle	(32,239)	(30,507)	(5,735)	(68,481)
NET POSITION - BEGINNING, AS RESTATED	<u>35,910,053</u>	<u>14,659,082</u>	<u>1,444,002</u>	<u>52,013,137</u>
NET POSITION - ENDING	<u>\$ 36,834,031</u>	<u>\$ 15,502,305</u>	<u>\$ 1,425,679</u>	<u>\$ 53,762,015</u>

CITY OF HUDSON, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Fund Parking Utility</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 4,041,159	\$ 3,154,265	\$ 142,428	\$ 7,337,852
Cash Received (Paid) from (to) Governmental Subsidies/Grants	(43,714)	41,838	-	(1,876)
Cash Received from Parking Forfeitures	-	-	140,706	140,706
Cash Paid to Suppliers for Goods and Services	(1,094,406)	(1,711,781)	(157,101)	(2,963,288)
Cash Paid to Employees For Wages and Benefits	(1,132,449)	(808,613)	(88,801)	(2,029,863)
Net Cash Flows From Operating Activities	<u>1,770,590</u>	<u>675,709</u>	<u>37,232</u>	<u>2,483,531</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Nonoperating Revenues	67,145	38,940	-	106,085
Transfer to Other Funds	(451,135)	(21,600)	-	(472,735)
Net Cash Flows From Noncapital Financing Activities	<u>(383,990)</u>	<u>17,340</u>	<u>-</u>	<u>(366,650)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(1,998,599)	(277,207)	-	(2,275,806)
Capital Contributions	242,278	-	-	242,278
Cash Received for Hook-up Fees	-	145,671	-	145,671
Cash Received for Impact Fees	32,095	-	-	32,095
Principal Payments on Long-Term Debt	(124,581)	(594,244)	-	(718,825)
Interest and Fiscal Charges	(37,806)	(163,837)	-	(201,643)
Net Cash Flows From Capital and Related Financing Activities	<u>(1,886,613)</u>	<u>(889,617)</u>	<u>-</u>	<u>(2,776,230)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	392,280	486,441	12,652	891,373
CHANGE IN CASH AND INVESTMENTS	(107,733)	289,873	49,884	232,024
CASH AND INVESTMENTS - BEGINNING	9,456,164	8,489,580	185,921	18,131,665
CASH AND INVESTMENTS - ENDING	<u>\$ 9,348,431</u>	<u>\$ 8,779,453</u>	<u>\$ 235,805</u>	<u>\$ 18,363,689</u>
RECONCILIATION OF CASH ACCOUNTS				
Cash and Investments	\$ 8,449,772	\$ 6,752,287	\$ 235,805	\$ 15,437,864
Restricted Cash and Investments	898,659	2,027,166	-	2,925,825
Total Reconciliation of Cash Accounts	<u>\$ 9,348,431</u>	<u>\$ 8,779,453</u>	<u>\$ 235,805</u>	<u>\$ 18,363,689</u>

CITY OF HUDSON, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2024

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Fund Parking Utility</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM				
Operating Income (Loss)	\$ 677,912	\$ 356,109	\$ (30,975)	\$ 1,003,046
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Depreciation	1,031,119	874,838	81,579	1,987,536
Meter Depreciation Charged to Sewer	110,396	(110,396)	-	-
Changes in Assets and Liabilities:				
Customer Accounts Receivable	(41,873)	(127,508)	-	(169,381)
Accounts Receivable on Tax Roll	3,412	(21,833)	-	(18,421)
Other Receivables	38,975	(15,182)	9,725	33,518
Due From Other Governments	21,840	116,477	-	138,317
Prepaid Items	(157)	(78)	-	(235)
Materials and Supplies	(2,054)	-	-	(2,054)
Deferred Outflows Related to Pension	273,083	157,368	17,503	447,954
Deferred Outflows Related to OPEB Plans	4,604	1,397	130	6,131
Accounts Payable	24,326	(319,826)	(16,899)	(312,399)
Deposits Payable	15,683	-	(295)	15,388
Accrued Liabilities	1,771	4,112	-	5,883
Due to Other Governments	(68,966)	(52,806)	-	(121,772)
Accrued Compensated Absences	11,286	(6,709)	(3,199)	1,378
Net Pension Liability	(153,804)	(88,317)	(9,763)	(251,884)
Net OPEB Liability Related to OPEB Plans	(9,925)	1,913	(825)	(8,837)
Deferred Inflows Related to Pension	(131,742)	(76,001)	(8,469)	(216,212)
Deferred Inflows Related to OPEB Plans	(35,296)	(17,849)	(1,280)	(54,425)
Net Cash Flows From Operating Activities	<u>\$ 1,770,590</u>	<u>\$ 675,709</u>	<u>\$ 37,232</u>	<u>\$ 2,483,531</u>

CITY OF HUDSON, WISCONSIN

Statement of Fiduciary Net Position

Fiduciary Fund

As of December 31, 2024

	<u>Custodial Tax Collection Fund</u>
ASSETS	
Cash and Investments	\$ 50,564
Taxes Receivable	<u>50,006,360</u>
Total Assets	<u>50,056,924</u>
LIABILITIES	
Due to Other Taxing Entities	<u>50,056,924</u>
NET POSITION	<u><u>\$ -</u></u>

CITY OF HUDSON, WISCONSIN
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2024

	Custodial Fund
	Tax Collection
	Fund
ADDITIONS	
Taxes Collected on Behalf of Other Taxing Entities	\$ 20,547,649
DEDUCTIONS	
Taxes Remitted to Other Taxing Entities	20,547,649
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING	-
NET POSITION - ENDING	\$ -

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the City of Hudson, Wisconsin (City) is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The City is a Wisconsin municipal corporation governed by an elected six-member council. In accordance with generally accepted accounting principles (GAAP), the financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. 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 Units

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 is presented in the financial statements as a discretely presented component unit and 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.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City, except those that are fiduciary. 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 services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Governmental funds include general, special revenue, capital projects and debt service funds. Proprietary funds include enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. 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, fund equity, 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.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and proprietary funds combined.
- c. In addition, any other governmental fund that the City believes is particularly important to financial statement users may be reported as a major fund.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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 City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Funds

Governmental funds are identified as either general, debt service, special revenue or capital projects based upon the following guidelines:

General Fund

The general fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds, except debt issued to finance project plan expenditures of the City's tax incremental financing Districts.

Capital Projects Fund

This fund accounts for the 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.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Tax Incremental District No. 5

This fund accounts for the City's resources accumulated to support development and improvement costs in a designated area funded from the property tax generated on the increased value of the property after creation date of the districts.

Tax Incremental District No. 6

This fund accounts for the City's resources accumulated to support development and improvement costs in a designated area funded from the property tax generated on the increased value of the property after creation date of the districts.

Proprietary Funds

The City reports the following major proprietary funds:

Water Utility

This is the City's fund to account for operations of the City's Water Utility. Utility operations are subject to regulations by the Wisconsin Public Service Commission.

Sewer Utility

This is the City's fund to account for the operations of the City's wastewater treatment facilities.

Fiduciary Fund

The City reports the following custodial fund:

Tax Collection Fund

This fund accounts for taxes and deposits collected by the City, acting in the capacity of a custodian, for distribution to other governmental units or designated beneficiaries.

Measurement Focus And Basis Accounting

The government-wide financial statements and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus And Basis Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Assets, Liabilities and Net Position or Equity

Cash and Investments

Cash and investments are combined. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purpose of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash.

The City categories the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Restricted Cash

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. The excess of restricted assets over current liabilities payable from restricted assets will be used for retirement of related long-term debt.

Accounts Receivable

Accounts receivable in the governmental funds are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

Accounts receivable in the proprietary funds are recorded at net amounts with uncollectible amounts recognized internally when appropriate.

Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. 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 2024 tax roll are recognized as revenue in 2025. Special assessments are subject to collection procedures.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Inventories

Inventories of governmental fund types are offset by a nonspendable fund balance to indicate they do not represent spendable available financial resources.

Inventories of governmental and proprietary fund types are recorded at cost, which approximates market, using the first-in, first-out method of valuation. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed rather than when purchased.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental fund types in the fund financial statements are offset by a nonspendable fund balance to indicate that they do not represent spendable available financial resources.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, 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 an initial, individual cost of \$10,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation.

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 the same as in the government-wide statements.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land Improvements	20 - 50
Buidlings and Improvements	20 - 50
Machinery and Equipment	3 - 10
Infrastructure	20 - 50
Utility Systems	4 - 100

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Compensated Absences

The City adopted GASB Statement No. 101 for the year ended December 31, 2024, which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. Accordingly, deferred outflows of resources related to pension and other post-employment benefits are reported in the statement of net position.

In addition to liabilities, the balance sheet and/or statement of net position reports a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has seven types of deferred inflows of resources, two which arise under both modified accrual and the full accrual basis of accounting, two that only arises under the modified accrual basis of accounting on the governmental funds balance sheet and three that arise under the full accrual basis of accounting. Taxes levied for the subsequent period have not met the time requirement to be recognized as an acquisition of resources and receivables related to leases are reported as deferred inflows of resources on both the governmental funds balance sheet and the governmental activities statement of net position. The governmental funds report unavailable revenues from special assessments and due from other municipalities. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension, other post-employment benefits local retiree life insurance fund and single-employer plan are reported in the statement of net position.

Pension and Other Post-Employment Benefits

Pensions. The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset)
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- Pension Expense

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Other Post-Employment Benefits (OPEB). 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 following:

- Net OPEB Liability
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits
- OPEB Expense (Revenue)

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 (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) – Single Employer

The City's single-employer other post-employment benefit plan has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits – single employer plan. OPEB expenses have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds) of employee contributions are recognized when due and payable in accordance with the benefit terms.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type 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. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payables are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. 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.

Conduit Debt

The City has approved the issuance of one industrial revenue bond (IRB) for the benefit of a private business enterprise. IRBs are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bond is not reported as a liability in the accompanying financial statements. The City has not made any additional commitments on the IRB outstanding. The total amount of the IRB outstanding at the end of the year is \$604,206.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Interfund Transactions

During the course of normal operations, the City has various transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental funds generally record such transactions as operating transfers if within governmental funds. Transactions between governmental and proprietary funds are usually recorded as revenues and either expenditures or expenses of the respective funds.

Unearned Revenue

Revenue received that has not been earned, is recorded as a liability until a period of time or expenditures occur. Once the funds are considered earned, at that point they are recognized as revenue.

Leases

The City follows GASB Statements No. 87 which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Subscription-Based Information Technology Agreements

The City follows GASB Statement No. 96 which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITAs). A SBITA is any contract conveying control of the right to use another party's information technology software. This statement requires the City to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. There were no material SBITAs that were required to be recorded for the year ended December 31, 2024.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted net position – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – Net position that is neither classified as restricted nor as net investment in capital assets.

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.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Equity Classifications (Continued)

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The City Council is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the City Council for a specific intended purpose. The City has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The City, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned. The City has not adopted a minimum fund balance policy.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments expected to be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not expected to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund financial statements. Claims and judgments in the government-wide financial statements and proprietary funds are recorded as expenses when the related liabilities are incurred. There were no significant claims or judgments at the end of the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 2 - Cash and Investments

The City is required to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three year or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, or the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The Wisconsin Local Government Investment Pool.
- Any security maturing in seven year or less and having the highest or second highest rating category of a nationally recognized rating.
- Securities of an open-end management investment company or investment trust subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The carrying amount of the City's cash and investment balances consisted of the following as of December 31, 2024:

Deposits in Financial Institutions	\$	1,650,019
Deposits in State Local Government Pooled Investment Fund		1,216,716
Investments in Federal Agency Issuances		2,785,805
Investment in Municipal Bonds and Notes		3,256,277
Investments in U.S. Treasury Securities		6,694,456
Investments in Money Market Funds		27,189,286
Certificate of Deposits		2,101,497
Petty Cash		1,909
Total Cash and Investments		<u>44,895,965</u>
Less Amount Allocated to Component Units		<u>(1,547,473)</u>
Total Cash and Investments	\$	<u>43,348,492</u>

Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

At December 31, 2024, the City's deposits had a bank balance of \$2,285,672. The City maintains its cash accounts at several financial institutions. Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts); up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 2 - Cash and Investments (Continued)

The following represents a summary of deposits as of December 31, 2024:

Fully Insured Deposits	\$ 750,000
Uninsured and Uncollateralized	<u>1,535,672</u>
Total	<u><u>\$ 2,285,672</u></u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2024.

Credit Risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City’s investment policy does not further limit its investment choices.

As of December 31, 2024, the City’s credit quality ratings are as follows:

Investment Type	Amount	Exempt From Disclosure	AAA	Aa1	Not Rated
U.S. Treasury Securities	\$ 6,694,456	\$ 6,694,456	\$ -	\$ -	\$ -
Money Market Mutual Funds	27,189,286	-	-	-	27,189,286
Municipal Bonds and Notes	3,256,277	-	789,179	2,467,098	-
Federal Home Loan Bank	2,785,805	-	2,785,805	-	-
Certificate of Deposits	2,101,497	-	-	-	2,101,497
WI Local Government Investment Pool	1,216,716	-	-	-	1,216,716
	<u>\$ 43,244,037</u>	<u>\$ 6,694,456</u>	<u>\$ 3,574,984</u>	<u>\$ 2,467,098</u>	<u>\$ 30,507,499</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of investments so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 2 - Cash and Investments (Continued)

As of December 31, 2024, the City's Investments were as follows:

<u>Investments</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
U.S. Treasury Securities	\$ 6,694,456	\$ 4,368,449	\$ -	\$ 2,326,007	\$ -
Money Market Mutual Funds	27,189,286	27,189,286			
Municipal Bonds and Notes	3,256,277	2,248,306	1,007,971	-	-
Federal Home Loan Bank	2,785,805	2,785,805	-	-	-
Certificate of Deposits	2,101,497	1,335,757	-	765,740	-
WI Local Government Investment Pool	1,216,716	1,216,716	-	-	-
	<u>\$ 43,244,037</u>	<u>\$39,144,319</u>	<u>\$ 1,007,971</u>	<u>\$ 3,091,747</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree that already indicated in the information provided above):

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year End</u>
Federal Home Loan Bank	\$ 2,785,805

Fair Value

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

- Level 1 – Valuation for assets are from quoted prices in active markets. These valuations are obtained from readily available pricing sources for market transactions involving identical assets.
- Level 2 – Valuation for assets are from less active markets. These valuations are obtained from third party pricing services for identical or similar assets.
- Level 3 – Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations. These valuations incorporate certain assumptions and projections in determining fair value assigned to such assets.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 2 - Cash and Investments (Continued)

	Fair Value Measurement Using		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Securities	\$ -	\$ 6,694,456	\$ -
Money Market Mutual Funds	-	27,189,286	-
Municipal Bonds and Notes	-	3,256,277	-
Federal Home Loan Bank	-	2,785,805	-
Certificate of Deposits	-	2,101,498	-
Total Cash and Investments	<u>\$ -</u>	<u>\$ 42,027,322</u>	<u>\$ -</u>

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and 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. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. Investments in the local government investment pool are not insured. Investments in the LGIP are valued at amortized cost. The balance in the local government investment pool at December 31, 2024 was \$1,216,716.

Note 3 - Restricted Assets

Restricted assets on December 31, 2024 totaled \$2,925,825 and consisted of cash and investments held for the following purposes:

Enterprise Funds:	
Water Utility	
Debt Service	\$ 168
Carmichael Impact Assessments	898,491
Total Water Utility	<u>898,659</u>
Sewer Utility	
Sewer Replacement Fund	<u>2,027,166</u>
Total Restricted Assets	<u>\$ 2,925,825</u>

Note 4 - Property Taxes

Real estate property taxes are payable in full by January 31 or in four installments on or before January 31, March 31, May 31, and July 31. Real estate taxes not paid by July 31 are submitted to St. Croix County for final collection as part of the August tax settlement.

Personal property tax bills, except improvements on leased land, must be paid in full on or before January 31 or the taxes are delinquent.

All delinquent real estate and personal property taxes are subject to interest of 1% per month (fraction of a month counts as a whole month) from February 1 until paid and may be subject to an additional penalty (sec. 74.47, Wis. Stats.). The payment must be received by the treasurer within 5 working days of the due date.

Under 2011 Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 5 - Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2024 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 8,609,512	\$ -	\$ -	\$ 8,609,512
Construction in Progress	1,085,525	9,561,177	981,946	9,664,756
Total Capital Assets Not Being Depreciated	<u>9,695,037</u>	<u>9,561,177</u>	<u>981,946</u>	<u>18,274,268</u>
Capital Assets Being Depreciated				
Right To Use Asset	46,287	-	-	46,287
Land Improvements	4,504,666	666,934	-	5,171,600
Buildings and Improvements	14,442,792	587,131	-	15,029,923
Machinery and Equipment	7,934,989	670,449	153,437	8,452,001
Vehicles	7,142,299	1,373,872	17,839	8,498,332
Infrastructure	96,332,982	2,532,708	-	98,865,690
Total Capital Assets Being Depreciated	<u>130,404,015</u>	<u>5,831,094</u>	<u>171,276</u>	<u>136,063,833</u>
Less Accumulated Depreciation				
Right To Use Asset	(33,617)	(4,661)	-	(38,278)
Land Improvements	(2,804,843)	(185,545)	-	(2,990,388)
Buildings and Improvements	(4,047,112)	(357,183)	-	(4,404,295)
Machinery and Equipment	(4,636,237)	(627,773)	(153,437)	(5,110,573)
Vehicles	(4,855,394)	(365,419)	(17,839)	(5,202,974)
Infrastructure	(67,758,918)	(1,694,412)	-	(69,453,330)
Total Accumulated Depreciation	<u>(84,136,121)</u>	<u>(3,234,993)</u>	<u>(171,276)</u>	<u>(87,199,838)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>46,267,894</u>	<u>2,596,101</u>	<u>-</u>	<u>48,863,995</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 55,962,931</u>	<u>\$ 12,157,278</u>	<u>\$ 981,946</u>	<u>\$ 67,138,263</u>

Depreciation expense was charged to functions of the City as follows:

Governmental Activities:	
General Government	\$ 238,874
Public Safety	617,228
Transportation Facilities	1,990,829
Health and Human Services	588
Culture and Recreation	387,474
Total Depreciation Expense - Governmental Activities	<u>\$ 3,234,993</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 5 - Capital Assets (Continued)

Capital asset activity for the business-type activities for the year ended December 31, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Water Utility				
Capital Assets not Being Depreciated				
Land and Land Rights	\$ 136,862	\$ -	\$ -	\$ 136,862
Construction in Progress	-	98,436	-	98,436
Total Capital Assets Not Being Depreciated	<u>136,862</u>	<u>98,436</u>	<u>-</u>	<u>235,298</u>
Capital Assets Being Depreciated				
Source of Supply	1,873,394	-	-	1,873,394
Pumping Plant	2,445,986	-	-	2,445,986
Water Treatment	8,483,338	-	-	8,483,338
Transmission and Distribution	30,581,639	1,826,807	396,132	32,012,314
General Assets	2,412,495	73,356	-	2,485,851
Total Capital Assets Being Depreciated	<u>45,796,852</u>	<u>1,900,163</u>	<u>396,132</u>	<u>47,300,883</u>
Less Accumulated Depreciation				
Source of Supply	(955,309)	(51,775)	-	(1,007,084)
Pumping Plant	(2,275,247)	(40,705)	-	(2,315,952)
Water Treatment	(4,120,232)	(275,132)	-	(4,395,364)
Transmission and Distribution	(9,396,456)	(683,637)	(396,132)	(9,683,961)
General Assets	(1,405,596)	(90,266)	-	(1,495,862)
Total Accumulated Depreciation	<u>(18,152,840)</u>	<u>(1,141,515)</u>	<u>(396,132)</u>	<u>(18,898,223)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>27,644,012</u>	<u>758,648</u>	<u>-</u>	<u>28,402,660</u>
Water Utility Capital Assets Net of Accumulated Depreciation	<u>\$ 27,780,874</u>	<u>\$ 857,084</u>	<u>\$ -</u>	<u>\$ 28,637,958</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 5 - Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Sewer Utility				
Capital Assets not Being Depreciated				
Land	\$ 129,856	\$ -	\$ -	\$ 129,856
Construction in Progress	-	111,238	-	111,238
Total Capital Assets Not Being Depreciated	129,856	111,238	-	241,094
Capital Assets Being Depreciated				
Collection System	1,550,206	154,430	38,608	1,666,028
Pumping System	178,049	-	-	178,049
Treatment and Disposal plant	24,595,169	-	-	24,595,169
General Plant	1,650,912	11,539	4,449	1,658,002
Total Capital Assets Being Depreciated	27,974,336	165,969	43,057	28,097,248
Less Accumulated Depreciation				
Collection System	(328,052)	(32,884)	(38,608)	(322,328)
Pumping System	(63,001)	(15,882)	-	(78,883)
Treatment and Disposal plant	(9,833,749)	(637,676)	-	(10,471,425)
General Plant	(704,552)	(78,000)	(4,449)	(778,103)
Total Accumulated Depreciation	(10,929,354)	(764,442)	(43,057)	(11,650,739)
Total Capital Assets Being Depreciated, Net of Depreciation	17,044,982	(598,473)	-	16,446,509
Sewer Utility Capital Assets Net of Accumulated Depreciation	\$ 17,174,838	\$ (487,235)	\$ -	\$ 16,687,603
	Beginning Balances	Increases	Decreases	Ending Balances
Parking Utility				
Capital Assets not Being Depreciated				
Land	\$ 760,562	\$ -	\$ -	\$ 760,562
Capital Assets Being Depreciated				
Improvement to Lots	991,691	-	-	991,691
Equipment	445,048	-	-	445,048
Total Capital Assets Being Depreciated	1,436,739	-	-	1,436,739
Less Accumulated Depreciation				
Improvement to Lots	(704,922)	(42,426)	-	(747,348)
Equipment	(208,287)	(39,153)	-	(247,440)
Total Accumulated Depreciation	(913,209)	(81,579)	-	(994,788)
Total Capital Assets Being Depreciated, Net of Depreciation	523,530	(81,579)	-	441,951
Parking Utility Capital Assets Net of Accumulated Depreciation	\$ 1,284,092	\$ (81,579)	\$ -	\$ 1,202,513

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 5 - Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Total Business-Type Activities:				
Capital Assets Not Being Depreciated	\$ 1,027,280	\$ 209,674	\$ -	\$ 1,236,954
Capital Assets Being Depreciated	75,207,927	2,066,132	439,189	76,834,870
Total Business-Type Capital Assets	<u>76,235,207</u>	<u>2,275,806</u>	<u>439,189</u>	<u>78,071,824</u>
Less Accumulated Depreciation	<u>(29,995,403)</u>	<u>(1,987,536)</u>	<u>(439,189)</u>	<u>(31,543,750)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,239,804</u>	<u>\$ 288,270</u>	<u>\$ -</u>	<u>\$ 46,528,074</u>

Depreciation expense was charged to the following business-type activities:

Business-Type Activities:	
Water Utility Depreciation Charged to Accumulated Depreciation	\$ 1,141,515
Less: Share of Meter Depreciation	<u>(110,396)</u>
Total Water Utility Depreciation Expense	<u>1,031,119</u>
Sewer Utility Depreciation Charged to Accumulated Depreciation	764,442
Plus: Share of Meter Depreciation	110,396
Total Sewer Utility Depreciation Expense	<u>874,838</u>
Parking Utility	<u>81,579</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,987,536</u>

Note 6 - Interfund Transfers

Interfund transfers for the year ended December 31, 2024 were as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 451,135	Property Tax Equivalent
General Fund	Sewer Utility	21,600	Property Tax Equivalent
Library Fund	General Fund	744,366	Budgeted Operating Contribution
		<u>\$ 1,217,101</u>	

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 7 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2024:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Debt:					
G.O. Bonds	\$ 27,115,000	\$ 10,025,000	\$ 3,255,000	\$ 33,885,000	\$ 1,265,000
G.O. Promissory Notes	4,100,000	9,235,000	820,000	12,515,000	1,440,000
Total General Obligation Debt	<u>31,215,000</u>	<u>19,260,000</u>	<u>4,075,000</u>	<u>46,400,000</u>	<u>2,705,000</u>
Adjustments For					
Debt Premium	854,503	1,314,098	201,113	1,967,488	-
Lease Liability	14,344	-	8,773	5,571	4,514
Compensated Absences*	342,680	19,544	-	362,224	204,906
Total Governmental Activity Long-Term Obligations	<u>\$ 32,426,527</u>	<u>\$ 20,593,642</u>	<u>\$ 4,284,886</u>	<u>\$ 48,735,283</u>	<u>\$ 2,914,420</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Business-Type Activities					
General Obligation Debt:					
G.O Bonds					
Water Utility	\$ 620,000	\$ -	\$ 40,000	\$ 580,000	\$ 40,000
Mortgage Revenue Bonds					
Water Utility	1,329,607	-	84,581	1,245,026	86,069
Sewer Utility	11,396,207	-	594,244	10,801,963	603,068
Compensated Absences*	93,746	1,378	-	95,124	43,771
Debt Premium	3,918	-	657	3,261	-
Long-Term Obligations	<u>\$ 13,443,478</u>	<u>\$ 1,378</u>	<u>\$ 719,482</u>	<u>\$ 12,725,374</u>	<u>\$ 772,908</u>

*Compensated absences is reported net of current year activity.

Total interest paid during the year on long-term debt totaled \$1,647,865.

Additional information on the above outstanding long-term obligations are as follows:

	<u>Dates of Issuance</u>	<u>Final Maturities</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balances 12/31/24</u>
Governmental Activities Long-Term Obligations					
G.O. Bonds - 2015A	06/09/15	04/01/35	3.00 - 3.50%	\$ 2,115,000	\$ 1,325,000
G.O. Bonds - 2016A	04/12/16	04/01/36	2.00 - 3.00%	3,110,000	1,450,000
G.O. Bonds - 2017A	05/15/17	12/01/32	2.00 - 3.00%	2,495,000	1,465,000
G.O. Bonds - 2019A	04/29/19	12/31/39	3.00%	5,960,000	5,030,000
G.O. Bonds - 2021B	05/06/21	04/01/41	1.00 - 2.00%	3,850,000	3,350,000
G.O. Bonds - 2022A	12/01/22	10/01/42	4.00 - 5.00%	3,860,000	3,555,000
G.O. Bonds - 2023A	05/22/23	12/31/43	4.00%	4,770,000	4,600,000
G.O. Bonds - 2023B	05/22/23	12/31/33	3.125 - 5.00%	3,440,000	3,085,000
G.O. Promissory Notes - 2015B	06/09/15	04/01/25	1.50 - 3.00%	1,885,000	205,000
G.O. Promissory Notes - 2017B	06/01/17	06/01/27	3.00%	2,470,000	910,000
G.O. Promissory Notes - 2019B	04/29/19	12/31/29	3.00 - 4.00%	2,200,000	1,075,000
G.O. Promissory Notes - 2021C	05/06/21	04/01/31	1.15 - 3.00%	2,470,000	1,090,000
2024 Taxable Note Anticipation Note	03/07/24	03/01/29	5.74%	3,490,000	3,490,000
2024B General Obligation Bonds	03/07/24	03/01/44	4.00 - 5.00%	10,025,000	10,025,000
2024A General Obligation Bonds	03/07/24	03/01/34	4.00 - 5.00%	5,745,000	5,745,000
Total Governmental Activities Long-Term Obligations					<u>\$ 46,400,000</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 7 - Long-Term Obligations (Continued)

	<u>Dates of Issuance</u>	<u>Final Maturities</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balances 12/31/24</u>
Business Type Activities					
Long-Term Obligations					
G.O Bonds - Water	04/12/16	04/01/36	2.00-3.00%	\$ 3,110,000	\$ 580,000
Mortgage Revenue Bond - Water	12/13/17	05/01/37	1.760%	1,653,550	1,245,026
Mortgage Revenue Bond - Sewer	01/27/21	05/01/40	1.485%	12,616,740	10,801,963
Total Business Type Activities Long-Term Obligations					<u>\$ 12,626,989</u>

The annual principal and interest maturities for general obligation debt are allocated as follows:

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,705,000	\$ 2,143,351	\$ 729,137	\$ 191,035	\$ 3,434,137	\$ 2,334,386
2026	2,785,000	1,697,134	744,608	179,285	3,529,608	1,876,419
2027	2,765,000	1,586,059	755,238	167,674	3,520,238	1,753,733
2028	2,510,000	1,488,534	766,030	155,899	3,276,030	1,644,433
2029	6,105,000	1,392,534	776,987	143,959	6,881,987	1,536,493
2030-2034	12,100,000	4,603,671	4,080,223	532,189	16,180,223	5,135,860
2035-2039	9,940,000	2,541,181	4,022,459	203,174	13,962,459	2,744,355
2040-2044	7,490,000	790,031	752,307	5,586	8,242,307	795,617
	<u>\$ 46,400,000</u>	<u>\$ 16,242,495</u>	<u>\$ 12,626,989</u>	<u>\$ 1,578,801</u>	<u>\$ 59,026,989</u>	<u>\$ 17,821,296</u>

Legal Margin For Debt

The 2024 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$3,366,869,100. The legal debt limit and margin of indebtedness as of December 31, 2024, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Equalized valuation of the City	\$ 3,366,869,100
Statutory limitation percentage	5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>168,343,455</u>
Net outstanding general obligation debt applicable to debt limitation	46,980,000
Legal margin for new debt	<u>\$ 121,363,455</u>

Utility Revenues Pledged

The Utility has pledged future revenue derived from the Water and Sewer Utilities, net of specified operating expenses, to repay the Clean Water Fund Loan, Safe Drinking Water Loans, and Revenue Bonds. Proceeds from the debt provided financing for the construction or acquisition of capital assets used within the utilities.

The Clean Water Fund Loan and Mortgage Revenue Bonds are payable from Sewerage System net revenues and payable through 2040. The total principal and interest remaining to be paid on the loans is \$12,135,436. Principal and interest paid for the current year and total Sewerage System net revenues were \$758,081 and \$1,717,388, respectively. The Sewerage System did meet the Clean Water Fund Loan revenue requirements in 2024.

The Safe Drinking Water Loans and Mortgage Revenues Bonds are payable from Water System net revenues and are payable through 2037. The total principal and interest remaining to be paid on the loans is \$1,392,805. Principal and interest paid for the current year and total water system net revenues were \$107,237 and \$2,101,311, respectively. The Water System did meet the Safe Drinking Water Loans and Revenue Bonds revenue requirements in 2024.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 8 - Fund Equity

Fund Financial Statements

At December 31, 2024 the governmental fund balances are as follows:

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
Major Funds						
General Fund:						
Delinquent Taxes	\$ 10,770	\$ 10,770	\$ -	\$ -	\$ -	\$ -
Prepaid Items	47,239	47,239	-	-	-	-
Police Equipment	38,556	-	-	-	38,556	-
Fire Equipment	42,273	-	-	-	42,273	-
Energy Savings	8,323	-	-	-	8,323	-
BOGO Tree Funds	4,539	-	-	-	4,539	-
Health Insurance Reserve	454,409	-	-	-	454,409	-
Unassigned	4,782,075	-	-	-	-	4,782,075
Debt Service Fund	282,583	-	282,583	-	-	-
Capital Projects Fund	10,281,161	-	10,281,161	-	-	-
TID No. 5	1,847,213	-	1,847,213	-	-	-
TID No. 6	241,191	-	241,191	-	-	-
NonMajor Funds:						
Special Revenue Funds:						
Impact Fees Fund	1,555,192	-	1,555,192	-	-	-
Room Tax Fund	423,661	-	-	423,661	-	-
American Rescue Plan Act (ARPA) Fund	75,236	-	-	-	75,236	-
Sewer Collection System Replacement	1,449,857	-	-	1,449,857	-	-
Library Fund	385,318	78	-	385,240	-	-
Park Dedication Fees	853,160	-	853,160	-	-	-
Police Donations	74,515	-	74,515	-	-	-
Police Evidence	137,093	-	137,093	-	-	-
Police Drug Forfeitures	3,875	-	3,875	-	-	-
Fire Donations	3,769	-	3,769	-	-	-
Business Park Revolving Loan Fund	667,522	-	667,522	-	-	-
Storm Water MS-4	183,471	-	-	183,471	-	-
Storm Water	690,797	-	-	690,797	-	-
Special Assessments	65,696	-	-	-	65,696	-
Total Governmental Fund Balances As of December 31, 2024	<u>\$ 24,609,494</u>	<u>\$ 58,087</u>	<u>\$ 15,947,274</u>	<u>\$ 3,133,026</u>	<u>\$ 689,032</u>	<u>\$ 4,782,075</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 8 - Fund Equity (Continued)

Government-Wide Financial Statements

At December 31, 2024 net position was as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Investment in Capital Assets			
Net Capital Assets	\$ 67,138,263	\$ 46,528,074	\$ 113,666,337
Less: Related Long-Term Debt	(46,400,000)	(12,626,989)	(59,026,989)
Less: Premium on Capital Debt	(1,967,488)	(3,261)	(1,970,749)
Less: Lease Liability	(5,571)	-	(5,571)
Plus: Unspent Bond Proceeds	7,310,455	-	7,310,455
Total Net Investment in Capital Assets	<u>26,075,659</u>	<u>33,897,824</u>	<u>59,973,483</u>
Restricted			
Impact Fees	1,555,192	-	1,555,192
Park Fees	853,160	-	853,160
Police Evidence, Fees, and Donations	215,483	-	215,483
Fire Donations	3,769	-	3,769
Community Development Loans	667,522	-	667,522
Capital Projects	5,059,110	-	5,059,110
Debt Service	-	168	168
Special Assessments	-	898,491	898,491
Asset Replacement	-	2,027,166	2,027,166
Pension Benefits	1,729,510	246,387	1,975,897
Total Restricted	<u>10,083,746</u>	<u>3,172,212</u>	<u>13,255,958</u>
Unrestricted	<u>6,302,133</u>	<u>16,691,979</u>	<u>22,994,112</u>
Total Government-Wide Activities Net Position	<u>\$ 42,461,538</u>	<u>\$ 53,762,015</u>	<u>\$ 96,223,553</u>

Note 9 - Defined Benefit Pension Plan

General Information About the Pension Plan

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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 9 - Defined Benefit Pension Plan (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 December 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.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

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, 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.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 9 - Defined Benefit Pension Plan (Continued)

During the reporting period, the WRS recognized \$774,785 in contributions from the City.

Contribution rates as of December 31, 2024 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

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

At December 31, 2024, the City reported a liability of \$770,715 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. 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 liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the City's proportion was 0.05183698%, which was an increase of 0.00137602% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the City recognized pension expense of \$525,605.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ 3,107,516	\$ 4,115,924
Changes in assumptions	2,685,817	-
Net differences between projected and actual earnings on pension plan investments	335,932	25,643
Changes in proportion and differences between employer contributions and proportionate share of contributions	28	-
Employer contributions subsequent to the measurement date	774,785	-
Total	6,904,078	4,141,567
Less Amounts Allocated to Component Units	(55,114)	(33,062)
Total Primary Government	\$ 6,848,964	\$ 4,108,505

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 9 - Defined Benefit Pension Plan (Continued)

The \$774,785 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 403,704
2026	424,188
2027	1,679,124
2028	(519,290)
	<u>\$ 1,987,726</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

Long-term Expected Return on Plan Assets. 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.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 9 - Defined Benefit Pension Plan (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Asset Allocation Targets and Expected Returns¹
As of December 31, 2023**

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Public Equity	40%	7.3%	4.5%
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund	100%	7.4%	4.6%
Variable Fund Asset Class			
U.S. Equities	70%	6.8%	4.0%
International Equities	30	7.6	4.8
Total Variable Fund	100%	7.3%	4.5%

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (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, 2023. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% 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.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 9 - Defined Benefit Pension Plan (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,449,335	\$ 770,715	\$ (3,902,598)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payables to the Pension Plan. The City is required to remit the monthly required contribution for both the employee and City portions by the last day of the following month. The amount due to WRS as of December 31, 2024 is \$52,492 for December payroll.

Note 10 - Post-Employment Benefits Other Than Pension Benefits - LRLIF

General Information About the Other Post-Employment Benefits Plan

Plan Description. The LRLIF is a multiple-employer, defined-benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible members.

OPEB Plan Fiduciary Net Position. ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

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

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

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2024 are:

<u>Coverage Type</u>	<u>Employee</u>
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 10 - Post-Employment Benefits Other Than Pension Benefits - LRLIF (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2023 are as listed below:

**Life Insurance
Member Contribution Rates *
For the Year Ended December 31, 2023**

<u>Attained Age</u>	<u>Basic/Supplemental</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

** Disabled members under age 70 receive a waiver-of-premium benefit.*

During the reporting period, the LRLIF recognized \$1,776 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2024, the City reported a liability of \$372,860 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. 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, 2023, the City's proportion was 0.08104500%, which was an increase of 0.002738% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized OPEB expense of \$26,558.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 10 - Post-Employment Benefits Other Than Pension Benefits - LRLIF (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 5,037	\$ 32,999
Changes in assumptions	116,633	146,824
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,536	23,568
Employer contributions subsequent to the measurement date	<u>1,776</u>	<u>-</u>
Total	171,982	203,391
Less Amounts Allocated to Component Units	<u>(957)</u>	<u>(1,132)</u>
Total Primary Government	<u>\$ 171,025</u>	<u>\$ 202,259</u>

The \$1,776 reported as deferred outflows related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ (5,673)
2026	3,352
2027	(6,638)
2028	(15,181)
2029	(15,050)
Thereafter	6,005
	<u>\$ (33,185)</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 10 - Post-Employment Benefits Other Than Pension Benefits - LRLIF (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net OPEB Liability:	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO index.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2023**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	40%	2.32%
U.S. Mortgages	Bloomberg U.S. MBS	60	2.52
Inflation			2.30
Long-Term Expected Rate of Return			4.25

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 10 - Post-Employment Benefits Other Than Pension Benefits - LRLIF (Continued)

Single Discount Rate. A single discount rate of 3.32% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 3.32 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
City's Proportionate Share of the Net OPEB Liability	\$ 500,989	\$ 372,860	\$ 275,056

Payables to the OPEB Plan. The City is required to remit the monthly required contribution for both the employee and City portions by the last day of the following month. There was no amount due for the life insurance plan as of December 31, 2024.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 11 - Post-Employment Benefits Other Than Pension Benefits - Single-Employer Plan

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	85
	94
	94

Contributions. The City funds its other postemployment benefit on a pay-as-you go basis. For fiscal year 2024, the City contributed an estimated \$48,091 to the plan.

Total OPEB Liability. The City does not accumulate assets in a trust for payment of OPEB benefits. Accordingly, the City must report its total OPEB liability. The City's total OPEB liability was determined by an actuarial valuation as of January 1, 2024, with a measurement date of January 1, 2024. At December 31, 2024, the City reported a total OPEB liability of \$1,517,729, with \$1,509,284 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, 2023	\$ 1,335,868
Changes for the Year:	
Service Cost	146,254
Interest	58,437
Differences Between Expected and Actual Experiences	(36,672)
Changes of Assumptions or Other Input	56,662
Benefit Payments	(42,820)
Net Changes	181,861
Balance at December 31, 2024	1,517,729
Less: Allocation to Component Units	8,445
Balance at December 31, 2024 - Primary Government	\$ 1,509,284

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 11 - Post-Employment Benefits Other Than Pension Benefits - Single-Employer Plan (Continued)

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, 2024
Actuarial Valuation Date	January 1, 2024
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 experience and assumption changes
Discount Rate	3.70%
20-Year Municipal Bond Yield	3.70%
Inflation Rate	2.50%
Salary Increases	3.4% - 7.8%
Medical Trend Rates	6.50% in 2024 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Mortality Rates	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale

Discount Rate. The discount rate used to measure the total OPEB liability was 3.70%. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 3.70%.

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

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB Liability	\$ 1,643,174	\$ 1,517,729	\$ 1,401,328

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates:

	1% Decrease (5.50% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
Total OPEB Liability	\$ 1,402,401	\$ 1,517,729	\$ 1,654,448

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 11 - Post-Employment Benefits Other Than Pension Benefits - Single-Employer Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2024, the City recognized OPEB expense of \$112,712. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between OPEB plan - projected and actual experiences	\$ -	\$ 336,203
Changes in assumptions	131,152	233,098
Employer contributions subsequent to the measurement date	48,091	-
Total	<u>179,243</u>	<u>569,301</u>
Less Amounts Allocated to Component Units	(997)	(3,168)
Total Primary Government	<u>\$ 178,246</u>	<u>\$ 566,133</u>

The \$48,091 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, 2025.

The plan does not issue separate financial statements.

Note 12 - Leases

Lessee

The City is obligated under one lease accounted for as a lease obligation that was used to finance the acquisition of vehicles to be used for the public works department.

At December 31, 2024, the City has recognized a right to use asset of \$46,287 and a lease liability of \$5,571 related to this lease. During the current fiscal year, the City recorded \$4,661 as depreciation expense and \$38,278 as total accumulated depreciation related to its right to use asset.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Lease Obligations					
Lease Liability	<u>\$ 14,344</u>	<u>\$ -</u>	<u>\$ 8,773</u>	<u>\$ 5,571</u>	<u>\$ 4,514</u>

Interest paid on lease liability obligation during the year ended December 31, 2024, was \$1,397.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 12 - Leases (Continued)

The remaining obligations associated with the lease at December 31, 2024, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,514	\$ 244	\$ 4,758
2026	1,057	134	1,191
Total	<u>\$ 5,571</u>	<u>\$ 378</u>	<u>\$ 5,949</u>

Lessor

At December 31, 2024, the City had nine leases with entities that they lease all or a portion of the City's assets. These leases are for antenna leases on City property and are reflected in the water utility on its statement of net position. The City entered into a lease with Progress Rail Services during 2024.

The City leases space to an entity. This lease has an initial lease term of five years with two additional five-year terms. The initial monthly payment was \$18,519 and increases 3.0% every five years.

<u>Leases Receivable</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Progress Rail Lease	<u>\$ -</u>	<u>\$ 1,976,568</u>	<u>\$ 111,482</u>	<u>\$ 1,865,086</u>

Remaining amounts to be received associated with these leases at December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 150,567	\$ 78,333	\$ 228,900
2026	157,265	71,635	228,900
2027	164,260	64,640	228,900
2028	171,567	57,333	228,900
2029	179,771	49,701	229,472
2030-2034	<u>1,041,655</u>	<u>117,518</u>	<u>1,159,173</u>
Total	<u>\$ 1,865,086</u>	<u>\$ 439,160</u>	<u>\$ 2,304,246</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 12 - Leases (Continued)

The water utility leases tower space to an entity for the purpose of transmission and reception of communication signals. This lease has an initial lease term of six years with five additional six-year terms. The initial monthly payment was \$2,800 and increases 5.0% annually. The water utility leases tower space to an entity for the purpose of transmission and reception of communication signals. This lease has an initial lease term of six years with two additional six-year terms. The initial monthly payment was \$1,708 and increases by 5.0% annually. The water utility leases tower space to an entity for the purpose of transmission and reception of communication signals. This lease has an initial lease term of six years with two additional six-year terms. The initial monthly payment was \$2,011 and increases 2.5% annually. The water utility leases tower space to an entity for the purpose of transmission and reception of communication signals. This lease has an initial lease term of six years with two additional six-year terms. The initial monthly payment was \$1,583 and increases 5.0% annually. The water utility leases tower space to an entity for the purpose of transmission and reception of communication signals. This lease has an initial lease term of six years with two additional six-year terms. The initial annual payment was \$27,844 and increases 2.0% annually. The water utility leases tower space to entity for the purpose of transmission and reception of communication signals. This lease has an initial lease term of six years with two additional six-year terms. The initial monthly payment was \$1,385 and increases 5.0% annually. The water Utility leases tower space to an entity for the purpose of transmission and reception of communication signals. This lease has an initial lease term of six years with two additional six-year terms. The initial monthly payment was \$2,602 and increases 3.0% annually. The water utility leases tower space to a governmental entity for the purpose of transmission and reception of communication signals. This lease has an initial lease term of six years with two additional six-year terms. The initial monthly payment was \$1,000 and increases 5.0% annually.

For the year end December 31, 2024, the water utility recognized \$276,759 in lease revenue related to these agreements. At December 31, 2024, the utility recorded \$2,252,354 in lease receivables and deferred inflows of resources for these arrangements.

Leases Receivable	Beginning Balances	Additions	Reductions	Ending Balances
AT&T Deer Path Tower Lease	\$ 1,156,738	\$ -	\$ 12,471	\$ 1,144,267
T Mobile Carmichael Tower Lease	83,799	-	46,807	36,992
T Mobile Hanley Rd Tower Lease	316,049	-	26,151	289,898
T Mobile WI St. Tower Lease	120,835	-	41,801	79,034
Verizon Carmichael Tower Lease	256,106	-	28,473	227,633
Verizon Deer Path Tower Lease	118,208	-	31,726	86,482
Verizon Hanley Road Tower Lease	406,655	-	32,537	374,118
Washington County Hanley Rd. Tower Lease	28,235	-	14,305	13,930
Total	<u>\$ 2,486,625</u>	<u>\$ -</u>	<u>\$ 234,271</u>	<u>\$ 2,252,354</u>

Remaining amounts to be received associated with these leases at December 31, 2024 are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 234,192	\$ 38,804	\$ 272,996
2026	181,628	35,649	217,277
2027	131,716	33,109	164,825
2028	121,750	31,174	152,924
2029	127,782	29,222	157,004
2030-2034	521,122	115,262	636,384
2035-2039	178,237	87,694	265,931
2040-2044	242,073	66,214	308,287
2045-2049	319,919	37,470	357,389
2050-2052	193,935	5,264	199,199
Total	<u>\$ 2,252,354</u>	<u>\$ 479,862</u>	<u>\$ 2,732,216</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 13 - Tax Incremental Financing Districts

The City has established separate capital projects funds for the Tax Incremental Financing Districts (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TID's were created, the property tax base within each TID was "frozen" and increment taxes resulting from increases to the property tax base are used to finance TID improvements, including principal and interest on long-term debt issued by the City to finance such improvements. State Statutes allow a tax incremental district to incur eligible project costs up to five years from the maximum termination date.

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective TID's. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID No.5	2045
TID No.6	2038

Tax Abatements

The City has entered into agreements within some of the Districts that require the City to make annual repayments of property taxes collected within the Districts to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2024, the City abated property taxes of \$972,383 under this program which include the following tax abatement agreements:

- A property tax abatement of \$683,387 to two developers within Tax Incremental District No. 5
- A property tax abatement of \$288,996 to three developers within Tax Incremental District No. 6

Note 14 - 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 for 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 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, 2024. Outstanding balances on the loans would be shown as long-term receivables in the business park revolving loan special revenue fund. The balance in the fund at December 31, 2024 totaled \$667,522.

Note 15 - 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.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 16 - Landfill Postclosure Care Costs

The City is responsible for postclosure care costs relating to a landfill site owned by the City. The landfill was closed in prior years and a cover and monitoring wells were installed in 1992. Future postclosure care costs currently consist solely of monitoring emissions from the site wells and the water quality of identified adjacent property owners' wells. The Wisconsin Department of Natural Resources did not stipulate a specific future timeframe for the required monitoring and, accordingly, no liability has been recorded for these ongoing costs in the government-wide financial statements. Total expenditures during 2024 were \$4,163. Future annual expenditures are expected to be similar to current year expenditures.

Note 17 - Discretely Presented Component Unit

Community Access Board

Capital asset activity for the Community Access Board for the year ended December 31, 2024, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Being Depreciated				
Machinery and Equipment	\$ 317,727	\$ -	\$ -	\$ 317,727
Less Accumulated Depreciation				
Machinery and Equipment	(219,625)	(18,021)	-	(237,646)
Net Capital Assets				
Community Access Board	<u>\$ 98,102</u>	<u>\$ (18,021)</u>	<u>\$ -</u>	<u>\$ 80,081</u>

Depreciation expense charge to the Community Access Board was \$18,021

The long-term obligations activity for the Community Access Board component unit for the year ended December 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Compensated Absences	\$ 1,996	\$ 1,642	\$ -	\$ 3,638	\$ 3,638

*Compensated absences is reported net of current year activity.

Note 18 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the City purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in past year.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2024

Note 19 - Contingencies

The City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor for expenditures disallowed under terms of the grants. The City believes such disallowances, if any, would be immaterial.

From time to time the City is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of City management, these issues, and any other proceedings known to exist at December 31, 2024, are not likely to have a material adverse impact on the City's financial position.

Note 20 – Change in Accounting Principle and Reporting Entity

During the 2024 audit, the City adopted – GASB Statement No. 101 – Compensated Absences, which resulted in a change in accounting principal. Additionally, the joint library was previously presented as a component unit of the City, but due to a change in control of the joint library the City has assumed 100% control and the City will report the Library fund as a governmental fund, which resulted in a change in reporting entity. A summary of the changes in reporting entity and accounting principle are summarized below.

	<u>Government-Wide</u>	<u>Component Unit Joint Library</u>	<u>Library Fund</u>
Beginning Net Position/Fund Balance - December 31, 2023	\$ 41,451,482	\$ 1,076,958	\$ -
Change in Reporting Entity	1,076,958	(1,076,958)	372,505
Change in Accounting Principle	(217,223)	-	-
Beginning Net Position/Fund Balance - December 31, 2023, As Restated	<u>\$ 42,311,217</u>	<u>\$ -</u>	<u>\$ 372,505</u>

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Fund Parking Utility</u>	<u>Business-Type Activities</u>
Beginning Net Position - December 31, 2023	\$ 35,942,292	\$ 14,689,589	\$ 1,449,737	\$ 52,081,618
Change in Accounting Principle	(32,239)	(30,507)	(5,735)	(68,481)
Beginning Net Position - December 31, 2023, As Restated	<u>\$ 35,910,053</u>	<u>\$ 14,659,082</u>	<u>\$ 1,444,002</u>	<u>\$ 52,013,137</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HUDSON, WISCONSIN

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset/Liability	City's Proportionate Share of the Net Pension (Asset)/Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability
12/31/2023	0.05183698%	\$ 770,715	\$ 7,475,254	10.31%	98.85%
12/31/2022	0.05046096%	2,673,272	7,138,788	37.45%	95.72%
12/31/2021	0.04922386%	(3,967,533)	6,679,423	59.40%	106.02%
12/31/2020	0.04850856%	(3,028,456)	6,345,452	47.73%	105.26%
12/31/2019	0.04733479%	(1,526,289)	6,377,558	23.93%	102.96%
12/31/2018	0.04506210%	1,603,168	6,078,348	26.38%	96.45%
12/31/2017	0.04237096%	(1,258,044)	5,580,151	22.54%	102.93%
12/31/2016	0.04027648%	331,974	5,274,504	6.29%	99.12%
12/31/2015	0.03942175%	640,597	4,990,775	12.84%	98.20%
12/31/2014	0.03932084%	(965,827)	4,775,480	20.22%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2024	\$ 774,785	\$ 774,785	\$ -	\$ 7,865,986	9.85%
12/31/2023	697,307	697,307	-	7,475,254	9.33%
12/31/2022	614,281	614,281	-	7,138,788	8.60%
12/31/2021	583,209	583,209	-	6,679,423	8.73%
12/31/2020	545,833	545,833	-	6,345,452	8.60%
12/31/2019	511,551	511,551	-	6,377,558	8.02%
12/31/2018	490,651	490,651	-	6,078,348	8.07%
12/31/2017	455,284	455,284	-	5,580,151	8.16%
12/31/2016	398,730	398,730	-	5,274,504	7.56%
12/31/2015	385,618	385,618	-	4,990,775	7.73%

CITY OF HUDSON, WISCONSIN
Schedule of Changes in Total OPEB Liability and Related Ratios
Other Post-Employment Benefit Plan - Single-Employer Plan
Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service Cost	\$ 146,254	\$ 127,026	\$ 164,860	\$ 153,479	\$ 130,844	\$ 145,836	\$ 152,610
Interest	58,437	29,904	29,197	36,984	68,322	57,878	53,756
Differences Between Expected and Actual Experience	(36,672)	-	(142,028)	-	(458,515)	-	-
Changes of Assumptions or Other Input	56,662	(173,557)	63,308	64,518	(174,127)	(50,609)	-
Benefit Payments	(42,820)	(31,236)	(52,954)	(110,134)	(113,301)	(75,082)	(74,355)
Net Change in Total OPEB Liability	<u>181,861</u>	<u>(47,863)</u>	<u>62,383</u>	<u>144,847</u>	<u>(546,777)</u>	<u>78,023</u>	<u>132,011</u>
Total OPEB Liability - Beginning	<u>1,335,868</u>	<u>1,383,731</u>	<u>1,321,348</u>	<u>1,176,501</u>	<u>1,723,278</u>	<u>1,645,255</u>	<u>1,513,244</u>
Total OPEB Liability - Ending	<u>\$ 1,517,729</u>	<u>\$ 1,335,868</u>	<u>\$ 1,383,731</u>	<u>\$ 1,321,348</u>	<u>\$ 1,176,501</u>	<u>\$ 1,723,278</u>	<u>\$ 1,645,255</u>
Covered-Employee Payroll	\$ 6,777,020	\$ 6,527,616	\$ 6,306,875	\$ 5,820,162	\$ 5,636,961	\$ 5,469,304	\$ 5,310,004
Total OPEB Liability as a Percentage of Covered-Employee Payroll	22.40%	20.46%	21.94%	22.70%	20.87%	31.51%	30.98%

*Ten years of data will be accumulated beginning with 2018.

CITY OF HUDSON, WISCONSIN

Schedule of Employer's Proportionate Share of the Net OPEB Liability
Local Retiree Life Insurance Plan

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2023	0.08104500%	\$ 372,860	\$ 4,897,000	7.61%	33.90%
12/31/2022	0.07830700%	298,336	4,700,000	6.35%	38.81%
12/31/2021	0.06890200%	407,236	4,292,000	9.49%	29.57%
12/31/2020	0.06659100%	366,299	4,086,000	8.96%	31.36%
12/31/2019	0.07222800%	307,561	3,889,000	7.91%	37.58%
12/31/2018	0.08302300%	214,227	3,791,000	5.65%	48.69%
12/31/2017	0.09710600%	292,152	4,083,585	7.15%	44.81%

Schedule of Employer Contributions
Local Retiree Life Insurance Plan

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2024	\$ 1,776	\$ 1,776	\$ -	\$ 4,879,000	0.04%
12/31/2023	1,670	1,670	-	4,897,000	0.03%
12/31/2022	1,597	1,597	-	4,700,000	0.03%
12/31/2021	1,395	1,395	-	4,292,000	0.03%
12/31/2020	1,313	1,313	-	4,086,000	0.03%
12/31/2019	1,397	1,397	-	3,889,000	0.04%
12/31/2018	1,598	1,598	-	3,791,000	0.04%

CITY OF HUDSON, WISCONSIN
Schedule of Budgetary Comparison
Budget and Actual
General Fund
For the Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 7,943,665	\$ 7,943,677	\$ 12
Intergovernmental	1,616,935	1,862,859	245,924
Licenses and Permits	526,080	509,399	(16,681)
Fines, Forfeitures and Penalties	125,900	75,804	(50,096)
Public Charges for Services	377,900	372,551	(5,349)
Intergovernmental Charges for Services	868,026	903,768	35,742
Miscellaneous	256,037	775,304	519,267
Total Revenues	<u>11,714,543</u>	<u>12,443,362</u>	<u>728,819</u>
EXPENDITURES			
General Government	2,105,704	2,478,096	(372,392)
Public Safety	6,172,765	6,636,955	(464,190)
Transportation Facilities	1,973,583	1,938,007	35,576
Sanitation	14,706	20,941	(6,235)
Health and Human Services	13,300	17,322	(4,022)
Culture and Recreation	473,575	483,078	(9,503)
Conservation and Development	662,610	551,791	110,819
Debt Service			
Principal	8,773	8,773	-
Interest and Fiscal Charges	1,397	1,397	-
Capital Outlay	42,500	49,959	(7,459)
Total Expenditures	<u>11,468,913</u>	<u>12,186,319</u>	<u>(717,406)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>245,630</u>	<u>257,043</u>	<u>11,413</u>
OTHER FINANCING SOURCES (USE)			
Sale of Capital Assets	-	16,350	16,350
Transfers In	560,000	472,735	(87,265)
Transfers Out	(805,630)	(744,366)	61,264
Total Other Financing Sources (Use)	<u>(245,630)</u>	<u>(255,281)</u>	<u>(9,651)</u>
NET CHANGE IN FUND BALANCE	-	1,762	1,762
FUND BALANCE - BEGINNING	<u>5,386,422</u>	<u>5,386,422</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,386,422</u>	<u>\$ 5,388,184</u>	<u>\$ 1,762</u>

CITY OF HUDSON, WISCONSIN
Notes to Required Supplementary Information
December 31, 2024

Budgetary Process

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

- During November, City management submits to the Common Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, certain special revenue funds, debt service funds, and certain capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund, certain special revenue funds, debt service funds, and certain capital projects funds.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Common Council.

Excess of Actual Expenditures Over Budget

The general fund had an excess of actual expenditures over budget for the year ended December 31, 2024:

<u>General Fund</u>	<u>Excess Expenditures</u>
General Government	\$ 372,392
Public Safety	464,190
Sanitation	6,235
Health and Human Services	4,022
Culture and Recreation	9,503
Capital Outlay	7,459

CITY OF HUDSON, WISCONSIN
Notes to Required Supplementary Information
December 31, 2024

Defined Benefit Pension Plan

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

Changes of assumptions.

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Post-Employment Benefits Other Than Pension Benefits - LRLIF

Changes of benefit terms. There were no recent changes in benefit terms.

Changes of assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Post-Employment Benefits Other Than Pension Benefits - Single-Employer Plan

Changes of benefit terms. There were no recent changes in benefit terms.

Changes of assumptions. The discount rate was changed from 4.00% to 3.70%.

SUPPLEMENTARY INFORMATION

CITY OF HUDSON, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2024

	<u>Impact Fees Fund</u>	<u>Room Tax</u>	<u>American Rescue Plan Act (ARPA) Fund</u>	<u>Library Fund</u>	<u>Sewer Collection System</u>	<u>Park Dedication</u>	<u>Police Donations</u>
ASSETS							
Cash and Investments	\$ 1,555,192	\$ 203,265	\$ 416,075	\$ 427,642	\$ 1,449,857	\$ 853,160	\$ 74,515
Accounts Receivable	-	220,396	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-
Prepaid Items	-	-	-	78	-	-	-
TOTAL ASSETS	<u>\$ 1,555,192</u>	<u>\$ 423,661</u>	<u>\$ 416,075</u>	<u>\$ 427,720</u>	<u>\$ 1,449,857</u>	<u>\$ 853,160</u>	<u>\$ 74,515</u>
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ 1,390	\$ 4,269	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	38,133	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
American Rescue Plan Act Funds	-	-	339,449	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>340,839</u>	<u>42,402</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	78	-	-	-
Restricted	1,555,192	-	-	-	-	853,160	74,515
Assigned	-	-	75,236	-	-	-	-
Committed	-	423,661	-	385,240	1,449,857	-	-
Total Fund Balances	<u>1,555,192</u>	<u>423,661</u>	<u>75,236</u>	<u>385,318</u>	<u>1,449,857</u>	<u>853,160</u>	<u>74,515</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,555,192</u>	<u>\$ 423,661</u>	<u>\$ 416,075</u>	<u>\$ 427,720</u>	<u>\$ 1,449,857</u>	<u>\$ 853,160</u>	<u>\$ 74,515</u>

CITY OF HUDSON, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2024

	<u>Police Evidence</u>	<u>Police Drug Forfeitures</u>	<u>Fire Donations</u>	<u>Business Park Revolving</u>	<u>Storm Water MS-4 Fund</u>	<u>Storm Water Fund</u>	<u>Special Assessments</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS								
Cash and Investments	\$ 137,093	\$ 3,875	\$ 3,769	\$ 667,522	\$ 183,471	\$ 571,354	\$ 65,696	\$ 6,612,486
Accounts Receivable	-	-	-	-	-	134,780	-	355,176
Due from Other Governments	-	-	-	-	-	27	-	27
Prepaid Items	-	-	-	-	-	-	-	78
TOTAL ASSETS	<u>\$ 137,093</u>	<u>\$ 3,875</u>	<u>\$ 3,769</u>	<u>\$ 667,522</u>	<u>\$ 183,471</u>	<u>\$ 706,161</u>	<u>\$ 65,696</u>	<u>\$ 6,967,767</u>
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,497	\$ -	\$ 16,156
Accrued Liabilities	-	-	-	-	-	4,867	-	43,000
Unearned Revenue								
American Rescue Plan Act Funds	-	-	-	-	-	-	-	339,449
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,364</u>	<u>-</u>	<u>398,605</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	78
Restricted	137,093	3,875	3,769	667,522	-	-	-	3,295,126
Assigned	-	-	-	-	-	-	65,696	140,932
Committed	-	-	-	-	183,471	690,797	-	3,133,026
Total Fund Balances	<u>137,093</u>	<u>3,875</u>	<u>3,769</u>	<u>667,522</u>	<u>183,471</u>	<u>690,797</u>	<u>65,696</u>	<u>6,569,162</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 137,093</u>	<u>\$ 3,875</u>	<u>\$ 3,769</u>	<u>\$ 667,522</u>	<u>\$ 183,471</u>	<u>\$ 706,161</u>	<u>\$ 65,696</u>	<u>\$ 6,967,767</u>

CITY OF HUDSON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Impact Fees Fund	Room Tax Fund	American Rescue Plant Act (ARPA) Fund	Library Fund	Sewer Collection System	Parks Dedication Fees	Police Donations
REVENUES							
Taxes	\$ -	\$ 576,908	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	363,411	-	-	-	-
Fines, Forfeitures and Penalties	-	-	-	-	-	-	-
Charges for Services	-	-	-	528,992	-	57,450	-
Investment Income	83,446	1,441	-	22,946	77,794	45,777	3,998
Donations	-	-	-	80,075	-	-	38,972
Miscellaneous	-	-	-	2,911	-	150	566
Total Revenues	<u>83,446</u>	<u>578,349</u>	<u>363,411</u>	<u>634,924</u>	<u>77,794</u>	<u>103,377</u>	<u>43,536</u>
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	-	33,760
Transportation Facilities	-	-	-	-	-	-	-
Culture, Recreation, and Education	-	237,040	-	1,366,477	-	167,212	-
Capital Outlay	-	-	363,411	-	-	-	-
Total Expenditures	<u>-</u>	<u>237,040</u>	<u>363,411</u>	<u>1,366,477</u>	<u>-</u>	<u>167,212</u>	<u>33,760</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>83,446</u>	<u>341,309</u>	<u>-</u>	<u>(731,553)</u>	<u>77,794</u>	<u>(63,835)</u>	<u>9,776</u>
OTHER FINANCING SOURCE							
Transfers In	-	-	-	744,366	-	-	-
NET CHANGE IN FUND BALANCES	<u>83,446</u>	<u>341,309</u>	<u>-</u>	<u>12,813</u>	<u>77,794</u>	<u>(63,835)</u>	<u>9,776</u>
FUND BALANCES - BEGINNING AS PREVIOUSLY REPORTED	1,471,746	82,352	75,236	-	1,372,063	916,995	64,739
Change in Reporting Entity	-	-	-	372,505	-	-	-
FUND BALANCES - BEGINNING AS RESTATED	1,471,746	82,352	75,236	372,505	1,372,063	916,995	64,739
FUND BALANCES - ENDING	<u>\$ 1,555,192</u>	<u>\$ 423,661</u>	<u>\$ 75,236</u>	<u>\$ 385,318</u>	<u>\$ 1,449,857</u>	<u>\$ 853,160</u>	<u>\$ 74,515</u>

CITY OF HUDSON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Police Evidence	Police Drug Forfeitures	Fire Donations	Business Park Revolving Loan Fund	Storm Water MS-4 Fund	Storm Water Fund	Special Assessments	Total Nonmajor Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576,908
Special Assessments	-	-	-	-	-	-	62,171	62,171
Intergovernmental	-	-	-	-	-	-	-	363,411
Fines, Forfeitures and Penalties	-	9	-	-	-	-	-	9
Charges for Services	-	-	-	-	-	526,870	-	1,113,312
Investment Income	-	1	202	35,816	9,844	30,657	3,525	315,447
Donations	-	-	9,682	-	-	-	-	128,729
Miscellaneous	177,796	-	-	-	-	5	-	181,428
Total Revenues	<u>177,796</u>	<u>10</u>	<u>9,884</u>	<u>35,816</u>	<u>9,844</u>	<u>557,532</u>	<u>65,696</u>	<u>2,741,415</u>
EXPENDITURES								
Current:								
Public Safety	40,703	-	-	-	-	-	-	74,463
Transportation Facilities	-	-	-	-	-	405,202	-	405,202
Culture, Recreation, and Education	-	-	6,115	-	-	-	-	1,776,844
Capital Outlay	-	-	-	-	-	-	-	363,411
Total Expenditures	<u>40,703</u>	<u>-</u>	<u>6,115</u>	<u>-</u>	<u>-</u>	<u>405,202</u>	<u>-</u>	<u>2,619,920</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>137,093</u>	<u>10</u>	<u>3,769</u>	<u>35,816</u>	<u>9,844</u>	<u>152,330</u>	<u>65,696</u>	<u>121,495</u>
OTHER FINANCING USE								
Transfers In	-	-	-	-	-	-	-	744,366
NET CHANGE IN FUND BALANCES	<u>137,093</u>	<u>10</u>	<u>3,769</u>	<u>35,816</u>	<u>9,844</u>	<u>152,330</u>	<u>65,696</u>	<u>865,861</u>
FUND BALANCES - BEGINNING AS PREVIOUSLY REPORTED	-	3,865	-	631,706	173,627	538,467	-	5,330,796
Change in Reporting Entity	-	-	-	-	-	-	-	372,505
FUND BALANCES - BEGINNING AS RESTATED	-	3,865	-	631,706	173,627	538,467	-	5,703,301
FUND BALANCES - ENDING	<u>\$ 137,093</u>	<u>\$ 3,875</u>	<u>\$ 3,769</u>	<u>\$ 667,522</u>	<u>\$ 183,471</u>	<u>\$ 690,797</u>	<u>\$ 65,696</u>	<u>\$ 6,569,162</u>

OTHER INFORMATION

CITY OF HUDSON, WISCONSIN
Detailed Schedule of Budgetary Comparison Revenues and Other Financing Sources
General Fund
For the Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
TAXES			
General Property Taxes	\$ 7,943,665	\$ 7,943,663	\$ (2)
Interest on Taxes	-	14	14
Total Taxes	<u>7,943,665</u>	<u>7,943,677</u>	<u>12</u>
INTERGOVERNMENTAL			
Federal Aids			
Law Enforcement	-	1,283	1,283
Fire Department	-	31,170	31,170
Transportation	-	112,455	112,455
State Aids			
Shared Taxes	576,549	577,747	1,198
Aid for Exempt Computers	30,502	30,502	-
Fire Insurance Dues	110,000	122,709	12,709
Aid for Police Training	4,000	8,434	4,434
General Transportation Aids	816,024	818,948	2,924
State Transportation	-	59,811	59,811
Personal Property Aid	79,860	79,860	-
Fire Suppression	-	10,000	10,000
Other State Payments	-	9,940	9,940
Total Intergovernmental	<u>1,616,935</u>	<u>1,862,859</u>	<u>245,924</u>
LICENSES AND PERMITS			
Liquor and Malt Beverage Licenses	40,000	23,030	(16,970)
Other Business and Occupational Licenses	19,930	25,619	5,689
Dog and Cat Licenses	5,000	5,545	545
Cigarette Licenses	2,400	3,340	940
Building Permits	415,000	387,361	(27,639)
Other Permits	13,750	27,005	13,255
Filing Fees	30,000	37,499	7,499
Total Licenses and Permits	<u>526,080</u>	<u>509,399</u>	<u>(16,681)</u>
FINES, FORFEITURES AND PENALTIES			
Court Penalties and Fees	125,900	75,804	(50,096)
PUBLIC CHARGES FOR SERVICES			
Publication Fees	300	1,050	750
Maps, Copies, and Photos	200	1,451	1,251
Tax Exempt Property Fees	-	325	325
Assessment Search Fees	6,000	1,225	(4,775)
Administrations Charges to Business Park	12,500	-	(12,500)
Police Special OT	2,500	1,602	(898)
Public Education Fees	400	-	(400)
Maintenance Charges	200,000	231,649	31,649
Weed and Nuisance Control	1,000	-	(1,000)
Parks and Recreation	30,000	41,949	11,949
Boat Launching	110,000	78,120	(31,880)
Sal Boat Mooring	15,000	15,180	180
Total Public Charges for Services	<u>377,900</u>	<u>372,551</u>	<u>(5,349)</u>

CITY OF HUDSON, WISCONSIN
Detailed Schedule of Budgetary Comparison Revenues and Other Financing Sources - Continued
General Fund
For the Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Fire Protection - Contracts	640,126	640,128	2
School Liason Officer	200,000	235,431	35,431
Police Labor Reimbursement	2,000	1,309	(691)
Other Charges	2,000	3,500	1,500
Library - Administrative Charge	15,500	15,000	(500)
Cable TV Administrative Charge	8,400	8,400	-
Total Intergovernmental Charges for Services	<u>868,026</u>	<u>903,768</u>	<u>35,742</u>
MISCELLANEOUS			
Investment Income	100,000	304,894	204,894
MB Occupancy Costs	114,937	343,936	228,999
Rent of City Building and Property	1,200	1,200	-
Rent Charge to Ambulance Service	1,200	1,200	-
Insurance Recoveries and Dividends	2,000	60,807	58,807
Donations	-	6,000	6,000
Sale of Assets	4,000	-	(4,000)
Other Miscellaneous Revenue	32,700	57,267	24,567
Total Miscellaneous	<u>256,037</u>	<u>775,304</u>	<u>519,267</u>
OTHER FINANCING SOURCES			
Sale of Capital Assets	-	16,350	16,350
Transfers In	560,000	472,735	(87,265)
Total Other Financing Sources	<u>560,000</u>	<u>489,085</u>	<u>(70,915)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 12,274,543</u>	<u>\$ 12,932,447</u>	<u>\$ 657,904</u>

CITY OF HUDSON, WISCONSIN
Detailed Schedule of Budgetary Comparison Expenditures and Other Financing Use
General Fund
For the Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Mayor and Council	\$ 68,731	\$ 81,385	\$ (12,654)
Municipal Court	139,984	120,569	19,415
City Attorney and Other Legal	80,000	173,130	(93,130)
Clerk-Treasurer	570,048	598,861	(28,813)
Administrator	191,608	292,804	(101,196)
Labor Negotiator and Drug Test	8,000	20,614	(12,614)
Information Techonology	213,500	292,964	(79,464)
Elections	59,353	39,359	19,994
Assessment of Property	73,750	89,915	(16,165)
Insurance	309,445	310,979	(1,534)
City Hall	153,561	212,648	(59,087)
Municipal Building	237,724	244,868	(7,144)
Total General Government	<u>2,105,704</u>	<u>2,478,096</u>	<u>(372,392)</u>
PUBLIC SAFETY			
Police Administration	808,471	864,943	(56,472)
Police Patrol	3,163,746	3,750,390	(586,644)
Criminal Investigation	608,892	299,375	309,517
School Officer	281,591	272,102	9,489
Police and Fire Commission	2,500	-	2,500
Fire Department	499,180	607,894	(108,714)
Fire Department Training	70,249	76,159	(5,910)
Fire Department Officers	32,985	33,151	(166)
Fire Deferred Compensation Wages	22,683	16,520	6,163
Fire Mechanic Wages	10,647	10,983	(336)
Fire Administration	412,996	431,649	(18,653)
Building Inspection	256,025	268,535	(12,510)
Emergency Government - Sirens	2,200	2,589	(389)
Disaster Control	-	2,665	(2,665)
Dams	600	-	600
Total Public Safety	<u>6,172,765</u>	<u>6,636,955</u>	<u>(464,190)</u>
TRANSPORTATION FACILITIES			
Director of Public Works	416,618	417,723	(1,105)
Machinery and Equipment	202,663	221,133	(18,470)
Garage - Storage Sheds	34,700	78,890	(44,190)
West Garage	9,500	7,519	1,981
Street Maintenance	1,110,102	993,567	116,535
Highways 94 and 35	35,000	15,834	19,166
Street Lighting	137,500	158,484	(20,984)
Street Signs and Markings	17,000	14,738	2,262
Stop and Go Lights	10,500	30,119	(19,619)
Total Transportation Facilities	<u>1,973,583</u>	<u>1,938,007</u>	<u>35,576</u>

CITY OF HUDSON, WISCONSIN
Detailed Schedule of Budgetary Comparison Expenditures and Other Financing Use - Continued
General Fund
For the Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
SANITATION			
Landfill	2,500	4,163	(1,663)
Weed Control	6,500	10,746	(4,246)
Recycling Coordinator	5,706	6,032	(326)
Total Sanitation	<u>14,706</u>	<u>20,941</u>	<u>(6,235)</u>
HEALTH AND HUMAN SERVICES			
Sealer of Weights and Measurers	6,000	6,750	(750)
Animal Control	7,300	10,572	(3,272)
Total Health and Human Services	<u>13,300</u>	<u>17,322</u>	<u>(4,022)</u>
CULTURE AND RECREATION			
Parks:			
Park Administration	126,941	130,841	(3,900)
Park Maintenance	246,253	277,808	(31,555)
Lakefront Park	43,292	37,122	6,170
Grandview Park	57,089	37,307	19,782
Total Culture and Recreation	<u>473,575</u>	<u>483,078</u>	<u>(9,503)</u>
CONSERVATION AND DEVELOPMENT			
Shade Tree Control	149,601	151,929	(2,328)
Community Development	513,009	399,862	113,147
Total Conservation and Development	<u>662,610</u>	<u>551,791</u>	<u>110,819</u>
CAPITAL OUTLAY			
Fire Department	42,500	49,959	(7,459)
DEBT SERVICE			
Principal	8,773	8,773	-
Interest and Fiscal Charges	1,397	1,397	-
Total Debt Service	<u>10,170</u>	<u>10,170</u>	<u>-</u>
OTHER FINANCING USE			
Transfers Out	805,630	744,366	61,264
TOTAL EXPENDITURES AND OTHER FINANCING USE	<u>\$ 12,274,543</u>	<u>\$ 12,930,685</u>	<u>\$ (656,142)</u>