

City of Cudahy Water Utility

An Enterprise Fund of the
City of Cudahy, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended
December 31, 2014 and 2013

CITY OF CUDAHY WATER UTILITY

An Enterprise Fund of the
CITY OF CUDAHY

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INDEPENDENT AUDITORS' REPORT

To the Common Council
City of Cudahy Water Utility
Cudahy, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Cudahy Water Utility, an enterprise fund of the City of Cudahy, Wisconsin, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Cudahy Water Utility as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, the financial statements present only the City of Cudahy Water Utility enterprise fund and do not purport to, and do not present fairly the financial position of the City of Cudahy, Wisconsin, as of December 31, 2014 and 2013, and the changes in its financial position and, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of funding progress as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

City of Cudahy Water Utility 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 financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information. We note the significant financial events of the City of Cudahy Water Utility are included in the Management's Discussion and Analysis of the City of Cudahy's financial statements.

To the Common Council
City of Cudahy Water Utility

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The operation and maintenance expenses schedule and utility plant in service schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the operation and maintenance expenses schedule and utility plant in service schedules are fairly stated in all material respects, in relation to the financial statements as a whole.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
April 21, 2015

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FINANCIAL STATEMENTS

CITY OF CUDAHY WATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 14,294	\$ 14,282
Accounts receivable	1,010,622	655,610
Materials and supplies	16,844	20,683
Prepayments	11,737	11,123
Restricted assets - cash and investments		
Redemption account	171,129	155,523
Total Current Assets	1,224,626	857,221
NONCURRENT ASSETS		
Restricted assets - cash and investments		
Construction funds	56,744	-
Reserve account	250,930	237,315
Total restricted assets	307,674	237,315
Capital assets		
Utility plant in service	20,454,811	20,346,646
Accumulated depreciation	(10,097,493)	(9,622,264)
Total capital assets, net of depreciation	10,357,318	10,724,382
Total Non-Current Assets	10,664,992	10,961,697
Total Assets	11,889,618	11,818,918
DEFERRED OUTFLOW OF RESOURCES		
Unamortized loss on refunding	44,609	51,653
Total Deferred Outflow of Resources	44,609	51,653

CITY OF CUDAHY WATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2014 and 2013

	2014	2013
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 37,309	\$ 51,382
Accrued payroll	18,794	18,171
Due to other funds	869,749	138,063
Accrued compensated absences	116,330	136,930
Unearned revenue	17,328	17,328
Current portion of general obligation debt	15,342	14,759
Accrued interest on general obligation debt	2,057	2,158
Liabilities payable from restricted assets		
Current portion of revenue bonds	226,500	217,950
Accrued interest on revenue bonds	10,129	10,234
Total Current Liabilities	1,313,538	606,975
NONCURRENT LIABILITIES		
Net OPEB obligation	101,301	83,976
Long-term debt, net of current maturities		
General obligation debt	178,079	193,421
Revenue bonds payable	1,369,418	1,332,800
Total Noncurrent Liabilities	1,648,798	1,610,197
 Total Liabilities	 2,962,336	 2,217,172
NET POSITION		
Net investment in capital assets	8,920,262	9,254,420
Restricted for debt service	161,000	145,289
Unrestricted (deficit)	(109,371)	253,690
 TOTAL NET POSTION	 \$ 8,971,891	 \$ 9,653,399

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CITY OF CUDAHY WATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for services and sales	\$ 2,471,926	\$ 2,364,097
Other operating revenues	<u>331,399</u>	<u>112,869</u>
Total Operating Revenues	<u>2,803,325</u>	<u>2,476,966</u>
OPERATING EXPENSES		
Operation and maintenance	2,524,549	1,531,957
Depreciation	<u>509,569</u>	<u>529,648</u>
Total Operating Expenses	<u>3,034,118</u>	<u>2,061,605</u>
Operating Income (loss)	<u>(230,793)</u>	<u>415,361</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	298	259
Amortization of debt premium	311	-
Interest expense	(66,911)	(70,387)
Amortization of loss on refunding	<u>(7,043)</u>	<u>(7,043)</u>
Total Nonoperating Revenues (Expenses)	<u>(73,345)</u>	<u>(77,171)</u>
Income Before Transfers	(304,138)	338,190
TRANSFERS OUT	<u>(377,370)</u>	<u>(401,463)</u>
CHANGE IN NET POSITION	(681,508)	(63,273)
NET POSITION - Beginning of Year	<u>9,653,399</u>	<u>9,716,672</u>
NET POSITION - END OF YEAR	<u>\$ 8,971,891</u>	<u>\$ 9,653,399</u>

CITY OF CUDAHY WATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,448,313	\$ 2,617,057
Cash received from municipality for services	50,750	50,622
Cash paid to suppliers for goods and services	(1,961,356)	(997,558)
Cash payments to employees for services	(576,693)	(527,040)
Net Cash Flows From Operating Activities	(38,986)	1,143,081
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash payments from (to) municipality	(377,370)	(401,463)
Cash deficit implicitly financed	731,686	(232,464)
Net Cash Flows From Non-capital Financing Activities	354,316	(633,927)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(193,255)	(203,877)
Long-term debt issued	260,000	-
Principal paid on debt	(232,709)	(220,124)
Premium from debt issuance	3,429	-
Interest paid on debt	(67,116)	(71,811)
Net Cash Flow From Capital and Related Financing Activities	(229,651)	(495,812)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	298	259
Net Cash Flow From Investing Activities	298	259
Net Change in Cash and Cash Equivalents	85,977	13,601
CASH AND CASH EQUIVALENTS – Beginning of Year	407,120	393,519
CASH AND CASH EQUIVALENTS – End of Year	\$ 493,097	\$ 407,120

CITY OF CUDAHY WATER UTILITY

STATEMENTS OF CASH FLOWS

(Continued)

For the Years Ended December 31, 2014 and 2013

	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (Loss)	\$ (230,793)	\$ 415,361
Adjustments to reconcile operating income (loss) to Net cash flows from operating activities		
Depreciation	509,569	529,648
Depreciation charged to other accounts	50,750	50,622
Changes in Assets and Liabilities		
Accounts receivable	(355,012)	122,763
Materials and supplies and prepayments	3,225	(23,375)
Accounts payable	(14,073)	4,757
Accrued expenses	(19,977)	11,632
Net OPEB obligation	17,325	14,345
Unearned revenue	-	17,328
Net Cash Flows From Operating Activities	\$ (38,986)	\$ 1,143,081
 PER STATEMENT OF NET POSITION		
Unrestricted	\$ 14,294	\$ 14,282
Restricted		
Redemption funds	171,129	155,523
Reserve funds	250,930	237,315
Construction funds	56,744	-
	\$ 493,097	\$ 407,120

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Cudahy Water Utility (utility) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the utility are described below.

REPORTING ENTITY

The utility is a separate enterprise fund of the City of Cudahy (municipality). The utility is managed by the City of Cudahy's Common Council. The utility provides water service to properties within the municipality.

The water utility operates under service rules and rates established by the Public Service Commission of Wisconsin (PSCW).

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The utility is presented as an enterprise fund of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Investment of utility funds is restricted by state statutes. Investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. 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, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The utility has adopted a formal investment policy. The policy follows the state statute for allowable investments. Please reference the City of Cudahy financial statements for details concerning deposit and investment risks on commingled cash and investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Transactions between the utility and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utility and other funds of the municipality are reported as due to/from other funds.

The utility has the right under Wisconsin statutes to place delinquent water bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2014 and 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION (cont.)

Materials and Supplies

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Restricted Assets

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

Certain proceeds of the utility's debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

Redemption Account

Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve Account

Used to report resources set aside to make up potential future deficiencies in the redemption account.

Construction Account

Used to report unspent bond proceeds intended for capital projects.

Capital Assets

Capital assets are defined by the utility as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Capital assets of the utility are recorded at cost or the fair market value at the time of contribution to the utility. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred on borrowed funds during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated using the straight-line method over the following useful lives:

	<u>Years of Service</u>
Source of supply plant	55 - 58
Pumping plant	22 - 31
Water treatment plant	30 - 31
Transmission and distribution plant	18 - 77
General plant	4 - 17

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION (cont.)

Deferred Outflow of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Accrued Vacation and Sick Leave

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utility.

Other Post-Employment Benefits

The utility provides postemployment health insurance benefits to all eligible employees. Eligibility is based on employment status and the number of hours the employee works during the year. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies.

Unearned Revenues

Unearned revenues represent the collections in the current year of the subsequent year cell tower rental income.

Long-Term Obligations

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION (cont.)

REVENUES AND EXPENSES

The utility distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with the utility's principal ongoing operations. The principal operating revenues of the utility 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.

Charges for Services

Revenues are recorded based on actual service rendered and billings are made to customers on a tri-annual basis, payable in 20 days, at rates approved by the PSCW. Unbilled revenues for consumption delivered after the last meter reading date for the year is estimated and recorded as accrued utility revenue.

Current water rates were approved by the PSCW effective July 1, 2014.

Capital Contributions

Cash and capital assets are contributed to the utility from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenue on the statements of revenues, expenses and changes in net position.

Interfund Transfer

The utility records an annual payment in lieu of taxes (PILOT) expense based on the value of its plant and the current assessment ratio and local and school portion of the mill rate.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, Accounting and Financial reporting for Pensions - an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68. Application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE II - CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

The utility's cash and investments at year-end consisted of the following:

	Carrying Value		Associated Risk
	2014	2013	
Commingled cash and investments held by the Municipality:			
Wisconsin's Local Government Investment Pool	\$ 493,097	\$ 407,120	Credit
Total	\$ 493,097	\$ 407,120	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

The utility, as an enterprise fund of the City of Cudahy, maintains commingled cash and investment accounts with the Municipality, including its investment in the Pool. Federal depository insurance and the SDGF apply to the City of Cudahy as an individual municipality and, accordingly, the amount of insured funds is not determinable for the utility alone. Therefore, coverage for the utility may be reduced. Also, please refer to the municipality's financial statements for information on risks on the utility's cash and investments with the municipality.

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. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014 and 2013, the fair value of the utility's share of the LGIP assets was substantially equal to the amount reported above.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As of December 31, 2014 and 2013 the utility had funds invested in LGIP which is subject to credit risk. LGIP is not rated.

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE III - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2014 follows:

	Balance 1/1/14	Additions	Retirements	Balance 12/31/14
Capital assets not being depreciated				
Land	\$ 168,317	\$ -	\$ -	\$ 168,317
Total Capital Assets Not Being Depreciated	168,317	-	-	168,317
Capital assets being depreciated				
Source of supply	1,070,455	-	-	1,070,455
Pumping plant	1,626,711	21,370	3,000	1,645,081
Water treatment plant	3,722,593	36,574	19,460	3,739,707
Transmission and distribution plant	12,917,657	125,178	58,141	12,984,694
General plant	840,913	10,133	4,489	846,557
Total Capital Assets Being Depreciated	20,178,329	193,255	85,090	20,286,494
Total Capital Assets	20,346,646	193,255	85,090	20,454,811
Less: Accumulated depreciation				
Source of supply	(656,336)	(18,299)	-	(674,635)
Pumping plant	(1,206,952)	(65,017)	3,000	(1,268,969)
Water treatment plant	(3,044,620)	(121,132)	19,460	(3,146,292)
Transmission and distribution plant	(4,159,181)	(280,391)	58,141	(4,381,431)
General plant	(555,175)	(75,480)	4,489	(626,166)
Total accumulated depreciation	(9,622,264)	(560,319)	85,090	(10,097,493)
Net Utility Plant	\$ 10,724,382			\$ 10,357,318

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2014 and 2013

NOTE III - CHANGES IN CAPITAL ASSETS (CONT.)

A summary of changes in capital assets for 2013 follows:

	Balance 1/1/13	Additions	Retirements	Balance 12/31/13
Capital assets not being depreciated				
Land	\$ 168,317	\$ -	\$ -	\$ 168,317
Total Capital Assets Not Being Depreciated	168,317	-	-	168,317
Capital assets being depreciated				
Source of supply	1,070,455	-	-	1,070,455
Pumping plant	1,621,697	33,014	28,000	1,626,711
Water treatment plant	3,688,161	54,399	19,967	3,722,593
Transmission and distribution plant	12,855,132	71,454	8,929	12,917,657
General plant	800,272	45,010	4,369	840,913
Total Capital Assets Being Depreciated	20,035,717	203,877	61,265	20,178,329
Total Capital Assets	20,204,034	203,877	61,265	20,346,646
Less: Accumulated depreciation				
Source of supply	(638,037)	(18,299)	-	(656,336)
Pumping plant	(1,170,408)	(64,544)	28,000	(1,206,952)
Water treatment plant	(2,944,293)	(120,294)	19,967	(3,044,620)
Transmission and distribution plant	(3,888,564)	(279,546)	8,929	(4,159,181)
General plant	(461,957)	(97,587)	4,369	(555,175)
Total accumulated depreciation	(9,103,259)	(580,270)	61,265	(9,622,264)
Net Utility Plant	\$ 11,100,775			\$ 10,724,382

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2014 and 2013

NOTE IV - LONG-TERM OBLIGATIONS

Revenue Bonds

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Balance 12/31/2014
3/7/2007	Refunding	5/1/2021	4.0 - 4.1%	\$ 1,253,150	\$ 837,800
4/2/2008	Utility improvements	5/1/2018	3.75 - 4.0	1,120,000	495,000
5/6/2014	Utility improvements	5/1/2024	3.0-3.625	260,000	<u>260,000</u>
				Total	<u>\$ 1,592,800</u>

Annual principal and interest payments to maturity on long-term debt payable are as follows.

Year Ending December 31	Principal	Interest	Total
2015	\$ 226,500	\$ 56,391	\$ 282,891
2016	263,600	47,039	310,639
2017	268,600	36,845	305,445
2018	280,700	26,159	306,859
2019	154,250	17,760	172,010
2012-2024	<u>399,150</u>	<u>21,348</u>	<u>420,498</u>
Totals	<u>\$ 1,592,800</u>	<u>\$ 205,542</u>	<u>\$ 1,798,342</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2014 and 2013 were \$278,928 and \$271,231, respectively. Annual principal and interest payments are expected to require 62% of net revenues. Total customer net revenues as defined for the same periods were \$279,074 and \$928,564.

General Obligation Debt

The following general obligation debt has been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Balance 12/31/2014
10/13/2011	GO Corporate Purpose Bonds	3/1/2031	2.0 - 4.0%	\$ 228,280	\$ 193,421
				Total	<u>\$ 193,421</u>

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2014 and 2013

NOTE IV - LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

General obligation debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
2015	\$ 15,342	\$ 5,800	\$ 21,142
2016	15,633	5,394	21,027
2017	16,312	4,934	21,246
2018	17,575	4,426	22,001
2019	19,129	3,875	23,004
2020-2024	75,737	10,962	86,699
2025-2029	23,789	4,240	28,029
2030-2031	9,904	400	10,304
Totals	<u>\$ 193,421</u>	<u>\$ 40,031</u>	<u>\$ 233,452</u>

Long-Term Obligations Summary

Long-term obligation activity for the year ended December 31, 2014 is as follows:

	Balance 12/31/13	Increases	Decreases	Balance 12/31/14	Current Portion
Revenue bonds payable	\$ 1,550,750	\$ 260,000	\$ 217,950	\$ 1,592,800	\$ 226,500
General obligation debt	<u>208,180</u>	<u>-</u>	<u>14,759</u>	<u>193,421</u>	<u>15,342</u>
	1,758,930	260,000	232,709	1,786,221	241,842
Add: Unamortized debt premium	<u>-</u>	<u>3,429</u>	<u>311</u>	<u>3,118</u>	<u>-</u>
	<u>\$ 1,758,930</u>	<u>\$ 263,429</u>	<u>\$ 233,020</u>	<u>\$ 1,789,339</u>	<u>\$ 241,842</u>

Long-term obligation activity for the year ended December 31, 2013 is as follows:

	Balance 12/31/12	Increases	Decreases	Balance 12/31/13	Current Portion
Revenue bonds payable	\$ 1,756,600	\$ -	\$ 205,850	\$ 1,550,750	\$ 217,950
General obligation debt	<u>222,454</u>	<u>-</u>	<u>14,274</u>	<u>208,180</u>	<u>14,759</u>
	\$ 1,979,054	\$ -	\$ 220,124	\$ 1,758,930	\$ 232,709

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE V - NET POSITION

GASB No. 34 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - The component of net position consist of net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

The following calculation supports the net investment in capital assets:

	<u>2014</u>	<u>2013</u>
Plant in service	20,454,811	\$ 20,346,646
Accumulated depreciation	<u>(10,097,493)</u>	<u>(9,622,264)</u>
Sub-totals	<u>10,357,318</u>	<u>10,724,382</u>
Capital related debt, net of unspent proceeds		
Less: General obligation debt	(193,421)	(208,180)
Less: Revenue bond debt	(1,551,309)	(1,499,097)
Add: Debt proceeds held for reserve	250,930	237,315
Add: Debt proceeds held for construction	<u>56,744</u>	<u>-</u>
Total capital related debt, net of unspent proceeds	<u>(1,437,056)</u>	<u>(1,469,962)</u>
Total Net Investment in Capital Assets	<u>\$ 8,920,262</u>	<u>\$ 9,254,420</u>

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE VI - EMPLOYEES RETIREMENT SYSTEM

All eligible Cudahy Water Utility employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least a year from employee's data of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees. 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. Contribution rates for 2014 and 2013 are:

	<u>Employee</u>	<u>Employer</u>
2014 General category	7.00%	7.00%
2013 General category	6.65%	6.65%

The payroll for employees covered by the WRS for the years ended December 31, 2014, 2013 and 2012 was \$586,257, \$540,105, and \$510,085 respectively. The total required contributions for the year ended December 31, 2014 was \$82,076 or 14.0% of covered payroll. Of this amount, 100% was contributed in the current year. Total contributions for the years ended December 31, 2013 and 2012 were \$71,834, and \$60,190, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation 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.

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

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE VII - OTHER POSTEMPLOYMENT BENEFITS

The City of Cudahy administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance contributions for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the utility and the union. The utility makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The utility contributes between 95% and 100 % of the current year premiums for a family and a single plan, for eligible retired plan members and their spouses. Plan members receiving benefits contribute between 0% and 5% of their premium costs for a family plan and a single plan. Administrative costs of the plan are financed through investment earnings.

The utility's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the utility's annual OPEB cost for 2014 and 2013, the amount actually contributed to plan, and changes in the utility's net OPEB obligation to the Retiree Health Plan:

	2014	2013
Annual Required Contribution	\$ 29,590	\$ 31,049
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	29,590	31,049
Contributions made	(12,265)	(16,704)
Increase in net OPEB obligation	17,325	14,345
Net OPEB obligation - beginning of year	83,976	69,631
Net OPEB obligation - end of year	\$ 101,301	\$ 83,976

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE VII - OTHER POSTEMPLOYMENT BENEFITS (cont.)

The utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$25,962	0%	\$69,631
12/31/2013	31,049	54%	83,976
12/31/2014	29,590	42%	101,301

The funded status of the plan as of December 31, 2013, the most recent actuarial valuation date was as follows:

Actuarial accrued liability (AAL)	\$ 416,584
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 416,584</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 540,105
UAAL as a percentage of covered payroll	77%

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

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

The following simplifying assumptions were made:

- > Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.
- > Mortality – Life expectancies were based on mortality tables from WRS. Separate rates for males and females, as appropriate.

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE VII - OTHER POSTEMPLOYMENT BENEFITS (cont.)

The following simplifying assumptions were made: (cont.)

- > Health insurance premiums – December 31, 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
- > Turnover – Non-group-specific age-based turnover data from GASB Statement No. 45 were used as a basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
- > Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on recent experience, the experience of medical insurers, future trend expectations, and judgment. A rate of 6.70% initially, reduced to an ultimate rate of 4.40% after 52 years, was used.

Based on the historical and expected returns of the utility's short-term investment portfolio, a discount rate of 3% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2013, was 30 years.

NOTE VIII - RISK MANAGEMENT

The utility is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; natural disasters; workers' compensation and environmental damage for which the utility purchases commercial insurance. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

WISCONSIN MUNICIPAL INSURANCE COMMISSION (WMIC)
CITIES AND VILLAGES MUTUAL INSURANCE COMPANY (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment, and capitalization of the CVMIC, and has numerous municipalities as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the municipalities which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The municipality's share of such losses is approximately 1.67%.

CITY OF CUDAHY WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2014 and 2013

NOTE VIII - RISK MANAGEMENT (cont.)

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The municipality does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The municipality shows the general obligation bond that it owes to WMIC in the insurance internal service fund (governmental activities column of government-wide statement of net position). The transactions of the organization are not included in these financial statement

NOTE IX - COMMITMENTS AND CONTINGENCIES

Claims and Judgments

From time to time, the utility is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the utility's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the utility's financial position or results of operations.

NOTE X - MAJOR CUSTOMERS

The utility derived approximately 20% and 22% of operating revenues, respectively for the years ended 2014 and 2013 from two customers.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CUDAHY WATER UTILITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

As of December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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Postemployment Health Care Plan

12/31/10	\$ -	\$ 259,907	\$ 259,907	0%	\$ 523,436	50%
12/31/13	-	416,584	416,584	0%	540,105	77%

Note: The City of Cudahy Water Utility is required to present the above information for the three most recent actuarial studies. The above referenced studies were the only studies that have been completed.

CITY OF CUDAHY WATER UTILITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of December 31, 2014

NOTE 1 – FUNDING PROGRESS DATA

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

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SUPPLEMENTARY INFORMATION

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CITY OF CUDAHY WATER UTILITY

OPERATION AND MAINTENANCE EXPENSES For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
SOURCE OF SUPPLY		
Purchased water	\$ 3,500	\$ 9,784
Maintenance of water source plant	3,800	4,290
Total Source of Supply	<u>7,300</u>	<u>14,074</u>
PUMPING EXPENSES		
Operation supervision and engineering	5,015	21,613
Fuel or power purchased	252,471	234,876
Pumping labor	24,405	24,398
Maintenance of structures and improvements	14,473	14,744
Maintenance of power production equipment	14,087	12,277
Maintenance of pumping plant	40,409	37,324
Total Pumping Expenses	<u>350,860</u>	<u>345,232</u>
WATER TREATMENT EXPENSES		
Operation supervision and engineering	26,665	26,177
Chemicals	74,183	81,290
Operation labor	199,283	194,353
Miscellaneous	26,843	24,953
Maintenance of structures and improvements	55,563	65,546
Maintenance of water treatment plant	70,903	83,467
Total Water Treatment Expenses	<u>453,440</u>	<u>475,786</u>
TRANSMISSION AND DISTRIBUTION EXPENSES		
Operation supervision and engineering	7,388	7,252
Meters	2,683	2,526
Customer installations	9,736	9,479
Maintenance supervision and engineering	-	4,170
Maintenance of reservoirs and standpipes	860,272	18,958
Maintenance of mains	230,640	119,448
Maintenance of services	50,856	39,354
Maintenance of meters	5,842	7,360
Maintenance of hydrants	47,302	42,345
Miscellaneous general expenses	7,866	8,916
Total Transmission and Distribution Expenses	<u>1,222,585</u>	<u>259,808</u>
CUSTOMER ACCOUNT EXPENSES		
Supervision	3,271	3,135
Meter reading expenses	5,701	9,134
Accounting and collecting labor	48,110	43,077
Total Customer Account Expenses	<u>57,082</u>	<u>55,346</u>
ADMINISTRATIVE AND GENERAL EXPENSES		
Outside services employed	77,097	64,045
Injuries and damages	39,370	36,600
Employee pensions and benefits	247,450	220,195
Miscellaneous	23,033	17,389
Total Administrative and General Expenses	<u>386,950</u>	<u>338,229</u>
TAXES	<u>46,332</u>	<u>43,482</u>
TOTAL OPERATION AND MAINTENANCE EXPENSES	<u>\$ 2,524,549</u>	<u>\$ 1,531,957</u>

CITY OF CUDAHY WATER UTILITY

UTILITY PLANT IN SERVICE
For the Year Ended December 31, 2014

	Utility Plant in Service				Depreciation Rate	Accumulated Depreciation			
	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014		Balance 12/31/2013	Provisions	Retirements	Balance 12/31/2014
SOURCE OF SUPPLY									
Intakes	\$ 969,757	\$ -	\$ -	\$ 969,757	1.70	\$ 595,263	16,486	\$ -	\$ 611,749
Supply mains	100,698	-	-	100,698	1.80	61,072	1,813	-	62,885
PUMPING PLANT									
Land and land rights	4,961	-	-	4,961		-	-	-	-
Structures and improvements	576,755	9,870	3,000	583,625	3.20	482,437	18,566	3,000	498,003
Electric pumping equipment	841,428	11,500	-	852,928	4.40	578,922	37,276	-	616,198
Other pumping equipment	208,528	-	-	208,528	4.40	145,593	9,175	-	154,768
TREATMENT PLANT									
Land and land rights	15,731	-	-	15,731		-	-	-	-
Structures and improvements	1,993,120	6,702	2,000	1,997,822	3.20	1,674,067	63,855	2,000	1,735,922
Water treatment equipment	1,729,473	29,872	17,460	1,741,885	3.30	1,370,551	57,277	17,460	1,410,368
TRANSMISSION AND DISTRIBUTION PLANT									
Land and land rights	147,625	-	-	147,625		-	-	-	-
Structures and improvements	60,225	-	-	60,225	3.20	20,234	1,927	-	22,161
Reservoirs and standpipes	280,336	-	-	280,336	1.90	280,334	-	-	280,334
Transmission and distribution lines	7,917,817	23,193	227	7,940,783	1.30	1,676,237	103,081	227	1,779,091
Services	1,636,467	10,916	15	1,647,368	2.90	695,849	47,616	15	743,450
Meters	1,850,383	47,325	57,188	1,840,520	5.50	1,146,496	101,500	57,188	1,190,808
Hydrants	1,172,429	43,744	711	1,215,462	2.20	340,034	26,267	711	365,590
GENERAL PLANT									
Transportation	113,807	-	-	113,807	13.30	81,336	15,136	-	96,472
Office furniture	30,722	-	-	30,722	5.80	28,290	1,782	-	30,072
Computer equipment	150,174	6,034	2,627	153,581	26.70	134,329	15,847	2,627	147,549
Tools and shop equipment	153,329	-	-	153,329	5.80	101,045	8,893	-	109,938
Laboratory equipment	34,087	3,526	1,862	35,751	5.80	34,086	102	1,862	32,326
Power equipment	71,620	573	-	72,193	7.50	32,229	5,393	-	37,622
Communication equipment	32,887	-	-	32,887	15.00	22,171	4,933	-	27,104
SCADA equipment	254,287	-	-	254,287	9.20	121,689	23,394	-	145,083
TOTAL UTILITY PLANT	\$ 20,346,646	\$ 193,255	\$ 85,090	\$ 20,454,811		\$ 9,622,264	560,319	\$ 85,090	\$ 10,097,493

Less allocation of meter
depreciation to the Sewer Utility (50,750)

\$ 509,569

CITY OF CUDAHY WATER UTILITY

UTILITY PLANT IN SERVICE
For the Year Ended December 31, 2013

	Utility Plant in Service				Depreciation Rate	Accumulated Depreciation			
	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013		Balance 12/31/2012	Provisions	Retirements	Balance 12/31/2013
SOURCE OF SUPPLY									
Intakes	\$ 969,757	\$ -	\$ -	\$ 969,757	1.70	\$ 578,777	16,486	\$ -	\$ 595,263
Supply mains	100,698	-	-	100,698	1.80	59,259	1,813	-	61,072
PUMPING PLANT									
Land and land rights	4,961	-	-	4,961		-	-	-	-
Structures and improvements	576,755	-	-	576,755	3.20	463,981	18,456	-	482,437
Electric pumping equipment	836,414	33,014	28,000	841,428	4.40	570,009	36,913	28,000	578,922
Other pumping equipment	208,528	-	-	208,528	4.40	136,418	9,175	-	145,593
TREATMENT PLANT									
Land and land rights	15,731	-	-	15,731		-	-	-	-
Structures and improvements	1,973,421	24,416	4,717	1,993,120	3.20	1,615,319	63,465	4,717	1,674,067
Water treatment equipment	1,714,740	29,983	15,250	1,729,473	3.30	1,328,972	56,829	15,250	1,370,551
TRANSMISSION AND DISTRIBUTION PLANT									
Land and land rights	147,625	-	-	147,625		-	-	-	-
Structures and improvements	60,225	-	-	60,225	3.20	18,307	1,927	-	20,234
Reservoirs and standpipes	280,336	-	-	280,336	1.90	279,751	583	-	280,334
Transmission and distribution lines	7,898,742	19,202	127	7,917,817	1.30	1,573,556	102,808	127	1,676,237
Services	1,636,467	-	-	1,636,467	2.90	648,391	47,458	-	695,849
Meters	1,831,184	27,375	8,176	1,850,383	5.50	1,053,429	101,243	8,176	1,146,496
Hydrants	1,148,178	24,877	626	1,172,429	2.20	315,133	25,527	626	340,034
GENERAL PLANT									
Transportation	113,807	-	-	113,807	13.30	66,200	15,136	-	81,336
Office furniture	27,597	3,125	-	30,722	5.80	26,599	1,691	-	28,290
Computer equipment	144,583	6,091	500	150,174	26.70	95,479	39,350	500	134,329
Tools and shop equipment	137,379	15,950	-	153,329	5.80	92,614	8,431	-	101,045
Laboratory equipment	34,087	-	-	34,087	5.80	34,086	-	-	34,086
Power equipment	71,620	-	-	71,620	7.50	26,859	5,370	-	32,229
Communication equipment	33,440	1,116	1,669	32,887	15.00	18,865	4,975	1,669	22,171
SCADA equipment	237,759	18,728	2,200	254,287	9.20	101,255	22,634	2,200	121,689
TOTAL UTILITY PLANT	\$ 20,204,034	\$ 203,877	\$ 61,265	\$ 20,346,646		\$ 9,103,259	580,270	\$ 61,265	\$ 9,622,264

Less allocation of meter
depreciation to the Sewer Utility (50,622)

\$ 529,648