

**CITY OF HUDSON, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2013**

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**FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

The City Council  
City of Hudson  
Hudson, Wisconsin

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin (City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin as of December 31, 2013, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

#### ***Change in Accounting Principle***

As discussed in Note 3.I. to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment to GASB Statements No. 14 and No. 34*. 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 management's discussion and analysis, budgetary comparison information, and schedule of funding progress, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2012 which are not presented with the accompanying financial statements. In our report dated August 9, 2013, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial

The City Council  
The City of Hudson

statements that collectively comprise the City's financial statements as a whole. The 2012 individual fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2012 individual fund statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Hudson, Wisconsin  
September 16, 2014

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

As management of the City of Hudson, Wisconsin (City), we offer the readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the year ended December 31, 2013. Please consider this information in conjunction with the City's financial statements, which begin on page 18 following this narrative.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended December 31, 2013 include the following:

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$90,241,829 (*net position*). Of this amount, \$63,909,849 represented the City's net investment in capital assets, \$7,272,534 was held for restricted purposes, and \$19,059,446 was unrestricted. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position decreased by \$1,192,407. Net position related to the business-type activities of the City increased \$335,908, while net position related to governmental activities decreased \$1,528,315.
- At the end of 2013, the City's governmental funds reported combined ending fund balances of \$14,048,240, an increase of \$3,625,976 over the previous year. This increase was largely attributable to unspent debt proceeds in the capital projects fund.
- During the year, the general fund balance decreased \$39,457. At the end of 2013, the unassigned general fund balance totaled \$3,336,912 or 42.7% of the general fund expenditures and other financing uses. The City has assigned \$251,157 of its general fund balance, which together with the year end unassigned balance, represented 45.9% of general fund expenditures and other financing uses. The City also has \$30,110 in the general fund that is restricted by state statute to be used for a specific purpose.
- The City's outstanding long-term debt and other long-term obligations increased by \$4,297,146 during the current fiscal year. The City issued a total of \$6,350,000 of new debt during 2013.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-Wide Financial Statements**

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

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

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

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

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

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

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

**Fund Financial Statements**

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

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

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

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

The City reports eleven (11) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, impact fees fund, debt service fund and capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section.

The basic governmental fund financial statements can be found beginning on page 20 of this report.

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

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

The basic proprietary fund financial statements can be found on page 25 of this report.

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

The basic fiduciary fund financial statements can be found beginning on page 30 of this report.

#### **Notes to the Financial Statements**

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 31 of this report.

#### **Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the City's operating budget. Required supplementary information can be found beginning on page 64 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the nonmajor governmental funds and individual fund statements for selected funds. This supplementary information section of the report begins on page 67.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities and deferred inflows by \$90,241,829 at the close of 2013. The largest portion of these net assets (71%) reflect the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, plant in service and construction in progress, net of related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**Condensed Statement of Net Position  
December 31, 2013 and 2012**

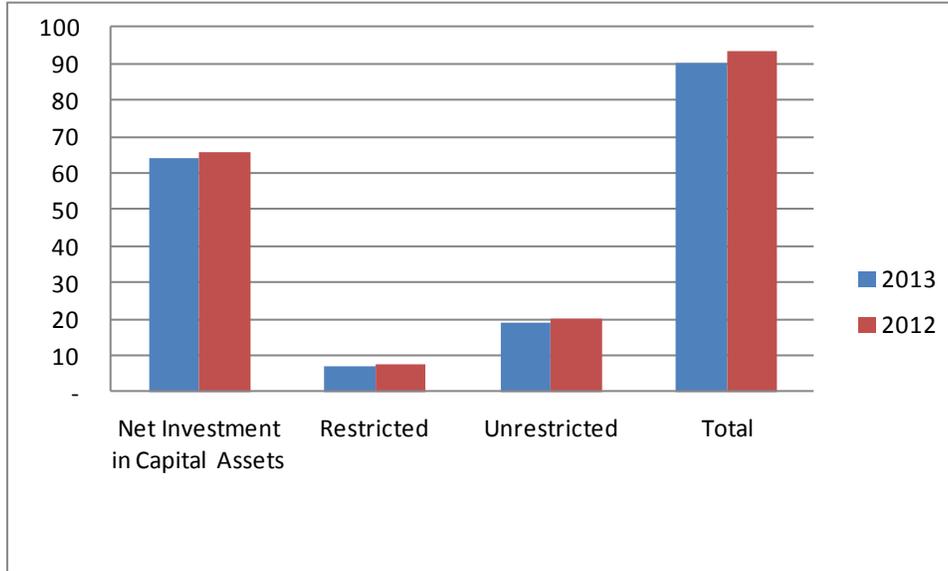
	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 21,924,715	\$ 18,698,971	\$ 17,567,928	\$ 17,845,215	\$ 39,492,643	\$ 36,544,186
Capital Assets	45,759,482	47,210,790	28,812,151	28,781,834	74,571,633	75,992,624
Internal Balances	189,092	243,975	(189,092)	(243,975)	-	-
Total Assets	<u>67,873,289</u>	<u>66,153,736</u>	<u>46,190,987</u>	<u>46,383,074</u>	<u>114,064,276</u>	<u>112,536,810</u>
Long-Term Debt Outstanding	13,232,830	8,728,356	1,447,302	1,699,971	14,680,132	10,428,327
Other Long-Term Obligations	1,000,416	916,834	-	-	1,000,416	916,834
Other Liabilities	649,707	605,958	305,909	581,235	955,616	1,187,193
Total Liabilities	<u>14,882,953</u>	<u>10,251,148</u>	<u>1,753,211</u>	<u>2,281,206</u>	<u>16,636,164</u>	<u>12,532,354</u>
Deferred Inflows of Resources	7,186,283	6,528,610	-	-	7,186,283	6,528,610
Net Position:						
Net Investment in						
Capital Assets	36,273,931	38,495,144	27,635,918	27,369,401	63,909,849	65,864,545
Restricted	4,348,627	4,745,640	2,923,907	2,653,810	7,272,534	7,399,450
Unrestricted	5,181,495	6,133,194	13,877,951	14,078,657	19,059,446	20,211,851
Total Net Position	<u>\$ 45,804,053</u>	<u>\$ 49,373,978</u>	<u>\$ 44,437,776</u>	<u>\$ 44,101,868</u>	<u>\$ 90,241,829</u>	<u>\$ 93,475,846</u>

An additional portion of the City's net position (8%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$19,059,446 of total net position (21%) may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note that \$13,877,951 of the unrestricted net position is related to the City's business-type activities. Consequently, they generally may not be available to fund governmental activities.

The change in governmental activities net position from 2012 to 2013 is impacted by a restatement due to a change in accounting principle which moved the Joint Library and Community Access Board activity from the governmental activities to discrete component units. This is further explained in Note 4.I. to the financial statements.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

The following chart shows the comparison of the three components of net position for the years 2013 and 2012 (in millions):



**Governmental Activities.** The following condensed statement of changes in net position of the City's governmental activities for the year ended December 31, 2013, shows total net position decreased \$1,528,315 (3.3%) from the prior year. The primary reason is due to depreciation on capital assets.

**Business-type Activities.** The following condensed statement of changes in net position of the City's business-type activities for the year ended December 31, 2013, shows total net position increased \$335,908 (0.8%) from the prior year. The key reason for this increase is due to the collection of fees for new development.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

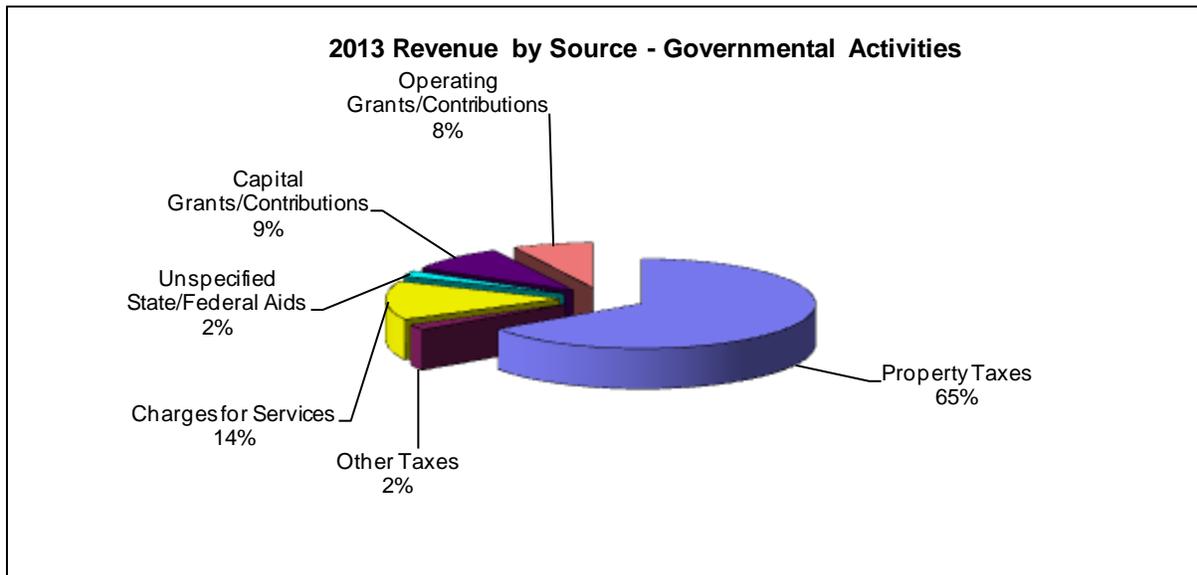
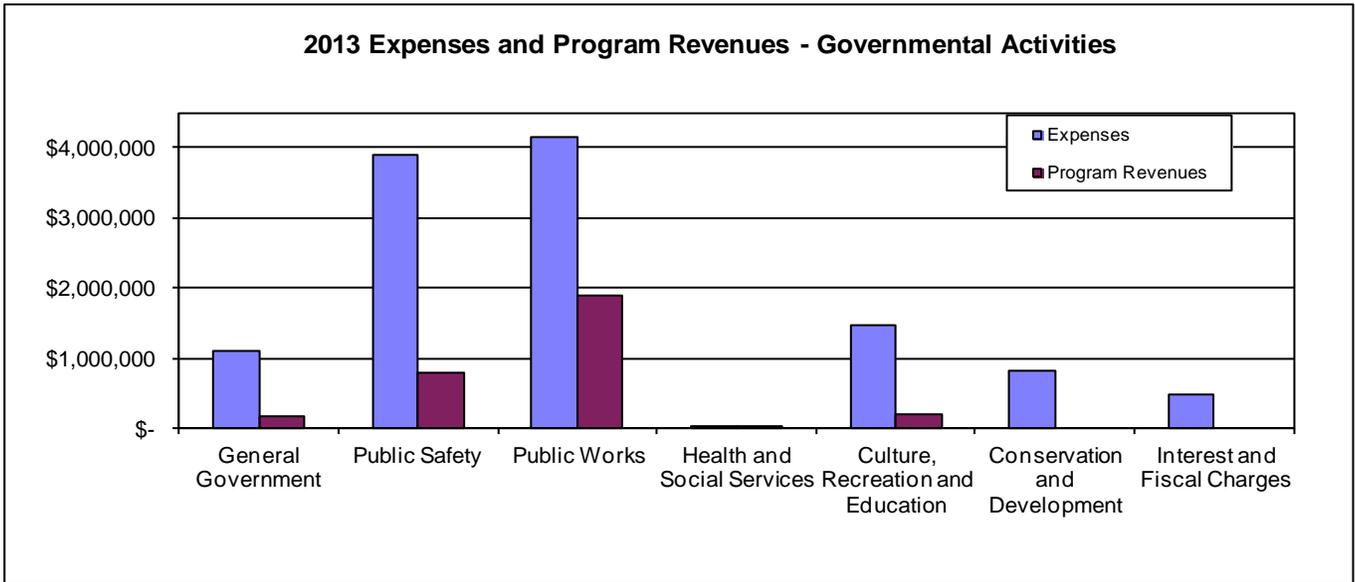
The following is a summary of the changes in the City's net position for the years ended December 31, 2013 and 2012:

**Condensed Statement of Changes in Net Position  
December 31, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,390,536	\$ 2,102,661	\$ 6,055,736	\$ 6,010,655	\$ 7,446,272	\$ 8,113,316
Operating Grants and Contributions	747,557	783,551	9,700	15,050	757,257	798,601
Capital Grants and Contributions	921,005	439,449	741,008	970,563	1,662,013	1,410,012
General Revenues:						
Property Taxes	6,528,610	6,508,625	-	-	6,528,610	6,508,625
Other Taxes	204,845	177,771	-	-	204,845	177,771
State and Federal Aids not Restricted to Specific Programs	196,852	197,076	-	-	196,852	197,076
Other	(18,652)	287,207	(312,002)	135,735	(330,654)	422,942
Total Revenues	<u>9,970,753</u>	<u>10,496,340</u>	<u>6,494,442</u>	<u>7,132,003</u>	<u>16,465,195</u>	<u>17,628,343</u>
<b>Expenses:</b>						
General Government	1,114,656	1,487,392	-	-	1,114,656	1,487,392
Public Safety	3,908,736	3,936,296	-	-	3,908,736	3,936,296
Public Works	4,157,145	3,861,891	-	-	4,157,145	3,861,891
Health and Social Services	18,898	16,914	-	-	18,898	16,914
Culture, Recreation, and Education	1,482,629	1,840,123	-	-	1,482,629	1,840,123
Conservation and Development	814,083	265,997	-	-	814,083	265,997
Interest and Fiscal Charges	484,797	303,960	-	-	484,797	303,960
Water	-	-	2,348,453	2,330,260	2,348,453	2,330,260
Sewage Treatment	-	-	1,874,133	1,783,107	1,874,133	1,783,107
Parking Facility	-	-	103,893	94,599	103,893	94,599
Ambulance Services	-	-	1,350,179	1,305,556	1,350,179	1,305,556
Total Expenses	<u>11,980,944</u>	<u>11,712,573</u>	<u>5,676,658</u>	<u>5,513,522</u>	<u>17,657,602</u>	<u>17,226,095</u>
Change in Net Position before Transfers	(2,010,191)	(1,216,233)	817,784	1,618,481	(1,192,407)	402,248
Transfers	<u>481,876</u>	<u>471,781</u>	<u>(481,876)</u>	<u>(471,781)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(1,528,315)	(744,452)	335,908	1,146,700	(1,192,407)	402,248
Net Position - Beginning of Year	49,373,978	50,118,430	44,101,868	42,955,168	93,475,846	93,073,598
Restatement Due to Change in Accounting Principle	(2,041,610)	-	-	-	(2,041,610)	-
Net Position - Beginning of Year, As Restated	<u>47,332,368</u>	<u>50,118,430</u>	<u>44,101,868</u>	<u>42,955,168</u>	<u>91,434,236</u>	<u>93,073,598</u>
Net Position - End of Year	<u>\$ 45,804,053</u>	<u>\$ 49,373,978</u>	<u>\$ 44,437,776</u>	<u>\$ 44,101,868</u>	<u>\$ 90,241,829</u>	<u>\$ 93,475,846</u>

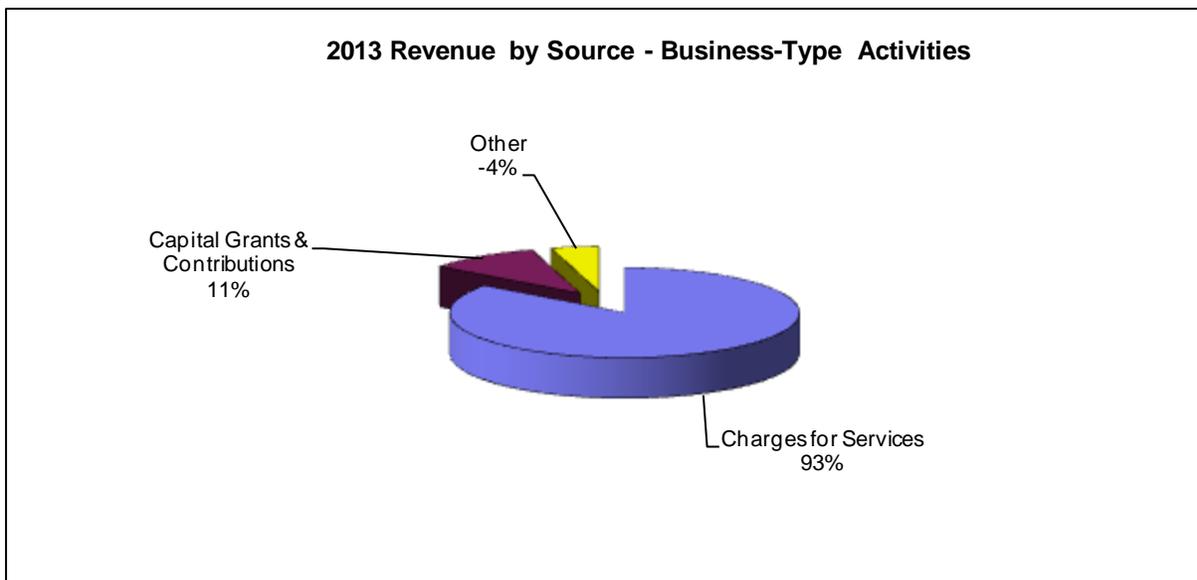
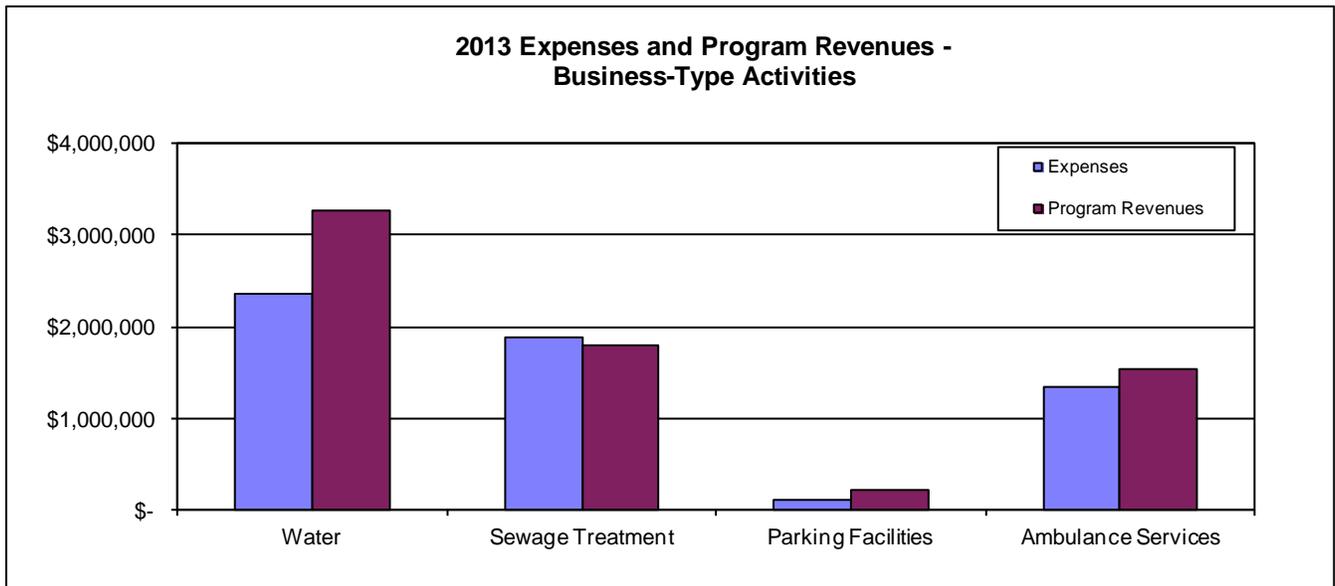
A review of the statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The following charts draw data from the statement of activities.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**



As shown above, the City is highly dependent on property taxes (65%) as its principal source of revenues for governmental activities. Program revenues represent 31% of governmental activities revenue.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**



In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (93%) replace property taxes as the primary revenue. Grants and contributions consist primarily of water plant funded by impact fees collected for that purpose, plant financed directly by developers, and hook-up fees for sewer services.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

**FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows and balances of spendable resources. Such information can be useful in assessing the City's financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$14,048,240, an increase of \$3,625,976 from the previous year, which is primarily a result of unspent debt proceeds in the capital projects fund which will be used for 2014 projects. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/2013					Total	Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds:							
General Fund	\$ 234,791	\$ 30,110	\$ -	\$ 251,157	\$ 3,336,912	\$ 3,852,970	\$ (39,457)
Impact Fees Fund	-	2,922,820	-	-	-	2,922,820	(450,838)
Debt Service Fund	-	118,575	-	-	-	118,575	114,483
Capital Projects Fund	-	3,533,440	1,310,670	-	-	4,844,110	3,545,820
Nonmajor Funds:							
Sewer Collection System							
Replacement Fund	-	-	859,356	-	-	859,356	39,093
Parks Dedication Fees Fund	-	405,608	-	-	-	405,608	90,701
Police Donations Fund	-	17,130	-	-	-	17,130	4,655
Police Drug Forfeitures Fund	-	733	-	-	-	733	(15)
Business Park Revolving Loan Fund	-	488,007	-	-	-	488,007	11,405
Storm Fund	-	-	-	155,827	-	155,827	155,827
Stormwater Fund	-	383,104	-	-	-	383,104	154,302
	<u>\$ 234,791</u>	<u>\$ 7,899,527</u>	<u>\$ 2,170,026</u>	<u>\$ 406,984</u>	<u>\$ 3,336,912</u>	<u>\$ 14,048,240</u>	<u>\$ 3,625,976</u>

The general fund is the primary operating fund used to account for the governmental operations of the City. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to measures of operating volume such as fund expenditures or fund revenues. The total year-end general fund balance represented 49.3% of total general fund expenditures and other financing uses reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance represented 42.7% of the same amount. The City has assigned \$251,157 of its general fund balance which combined with the year-end unassigned balance (\$3,588,069), represented 45.9% of that same amount.

The general fund's total fund balance decreased \$39,457 during the year, which is primarily due to a decrease in market values of the City's investments, which resulted in overall revenues being under budget.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

The impact fees fund, a special revenue fund, had a balance of \$2,922,820 at December 31, 2013. This balance consists of the unexpended balances of various types of impact fees collected by the City to be used for specified purposes by a specified period of time. Wisconsin Statutes §66.0617(9) place deadlines on the expenditure of impact fees and require the refunding (with interest) of impact fees not expended within the 10 year time limit. The year-end balance was composed of unexpended impact fee collections for storm sewer (\$1,849,822) and sanitary sewer (\$1,072,998).

The debt service fund had a fund balance of \$118,575 at December 31, 2013. This is an increase of \$114,483 from prior year due mainly to the underwriter's premium received on the issuance of bonds in the current year.

The capital projects fund is used by the City on an ongoing basis to account for various governmental capital outlay projects primarily financed from proceeds of long-term debt. The balance at December 31, 2013 and changes during the year are shown by the individual internal projects in supplementary Schedule C-1.

The aggregated other governmental funds column includes various special revenue funds used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The accumulated fund balances of these funds increased \$455,968 during 2013. Transactions of these funds are further detailed in the supplementary information section of this report.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in greater detail. As shown below, the net position of the enterprise-type proprietary funds at the end of 2013 totaled \$44,437,776, up \$335,908 from the previous year.

**Condensed Statement of Changes in Net Position for Enterprise Funds  
Years Ended December 31, 2013 and 2012**

	Water Utility		Sewer Utility		Parking Utility		Ambulance Service		Totals	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Operating Revenues	\$ 2,775,020	\$ 2,867,426	\$ 1,545,269	\$ 1,568,784	\$ 212,023	\$ 191,392	\$ 1,523,424	\$ 1,383,053	\$ 6,055,736	\$ 6,010,655
Operating Expenses:										
Depreciation	727,215	750,792	340,885	260,438	25,048	25,684	60,745	48,052	1,153,893	1,084,966
Other	1,621,238	1,579,468	1,494,578	1,475,666	78,845	68,915	1,282,865	1,252,949	4,477,526	4,376,998
Operating Income (Loss)	426,567	537,166	(290,194)	(167,320)	108,130	96,793	179,814	82,052	424,317	548,691
Nonoperating										
Revenues (Expenses)	(156,297)	49,694	57,311	228,201	(8,394)	2,129	684	20,045	(106,696)	300,069
Net Income (Loss)										
Before Contributions and Transfers	270,270	586,860	(232,883)	60,881	99,736	98,922	180,498	102,097	317,621	848,760
Capital Contributions	500,163	769,721	-	-	-	-	-	-	500,163	769,721
Transfers to Other Funds	(424,804)	(419,779)	(57,072)	(52,002)	-	-	-	-	(481,876)	(471,781)
Changes in Net Position	345,629	936,802	(289,955)	8,879	99,736	98,922	180,498	102,097	335,908	1,146,700
Net Position -										
Beginning of Year	29,798,848	28,862,046	12,285,452	12,276,573	1,393,943	1,295,021	623,625	521,528	44,101,868	42,955,168
Net Position - End of Year	\$ 30,144,477	\$ 29,798,848	\$ 11,995,497	\$ 12,285,452	\$ 1,493,679	\$ 1,393,943	\$ 804,123	\$ 623,625	\$ 44,437,776	\$ 44,101,868

Capital contributions of \$500,163 in the water utility include impact fees collected to fund future capital projects and the cost of plant contributed by developers.

The water utility had operating income of \$426,567 in 2013. The utility also provides services to residents of the Village of North Hudson. Utility rates have not been subject to an overall adjustment since 1996.

The sewer utility incurred an operating loss of \$290,194 in 2013 and had an overall negative change in net position of \$289,955 for the year. The utility also provides services to residents of the Village of North Hudson. The City increased its sewer user rates as of January 1, 2009 to address the operating losses in this fund.

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

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

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

As shown in the *Budgetary Comparison Schedule* for the general fund (in required supplementary information), the final 2013 general fund budget was modified by the City Council. The general fund balance decreased during 2013 by \$39,457, which was a \$243,244 favorable variance from the final budget. The City ended the year with a negative variance between actual amounts and budgeted amounts for revenues of \$25,500 or 0.3% and a favorable variance between actual amounts and budget amounts for expenditures of \$235,801 or 3.0%.

The negative revenue variance is mainly due to a decrease in market values of City investments.

The favorable expenditure variance is due to a number of expenditure accounts being under budget. Fire department and community development capital outlays were under budget \$41,547 and \$30,311, respectively, while shade tree control expenditures were \$36,111 under budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013 and 2012 was as shown below:

**Capital Assets, Net of Accumulated Depreciation  
December 31, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Not Subject to Depreciation:						
Land and Land Rights	\$ 8,730,710	\$ 8,730,710	\$ 1,027,280	\$ 1,027,280	\$ 9,757,990	\$ 9,757,990
Construction Work in Progress	79,205	36,133	961,490	1,322,129	1,040,695	1,358,262
Subject to Depreciation:						
Buildings and Improvements	6,309,931	5,872,636	-	-	6,309,931	5,872,636
Land Improvements	2,470,253	2,460,918	-	-	2,470,253	2,460,918
Equipment and Vehicles	6,083,154	6,990,741	-	-	6,083,154	6,990,741
Infrastructure	82,164,353	81,278,670	-	-	82,164,353	81,278,670
Water System Plant	-	-	31,160,716	30,703,848	31,160,716	30,703,848
Sewage Treatment Plant	-	-	12,124,397	11,111,349	12,124,397	11,111,349
Parking Utility	-	-	604,626	604,626	604,626	604,626
Ambulance Service	-	-	762,637	735,904	762,637	735,904
Subtotal	105,837,606	105,369,808	46,641,146	45,505,136	152,478,752	150,874,944
Accumulated Depreciation	60,078,124	59,225,934	17,828,995	16,723,302	77,907,119	75,949,236
	<u>\$ 45,759,482</u>	<u>\$ 46,143,874</u>	<u>\$ 28,812,151</u>	<u>\$ 28,781,834</u>	<u>\$ 74,571,633</u>	<u>\$ 74,925,708</u>

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

**Capital Assets (Continued)**

The additions to the City's capital assets during 2013 can be summarized as follows: *(in thousands)*

• Utility Infrastructure	\$1,734.3
• City Infrastructure (including stormwater)	1,670.5
• Municipal Building (Police/Library) Roof	382.1
• General Equipment and Vehicles	309.3

Additional information related to the City's capital assets is reported in Note 3.C following the financial statements.

**Long-Term Obligations**

At December 31, 2013, the City had outstanding \$15,450,116 of long-term debt and other long-term obligations. A summary detail of this amount, together with the percent change from the previous year, is shown below:

**Outstanding Long-Term Obligations  
December 31, 2013 and 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Outstanding 2013</u>	<u>Outstanding 2012</u>	<u>% Change</u>
Long-Term Debt:					
General Obligation Debt	\$ 13,018,986	\$ -	\$ 13,018,986	\$ 8,715,642	49.4
Unamortized Debt Discount	(6,003)	-	(6,003)	(9,649)	-37.8
Unamortized Debt Premium	219,847	-	219,847	22,363	883.1
Sewer Revenue Bonds	-	1,216,870	1,216,870	1,507,780	-19.3
Subtotal	<u>13,232,830</u>	<u>1,216,870</u>	<u>14,449,700</u>	<u>10,236,136</u>	41.2
Other Long-Term Obligations:					
Estimated Employee Leave	323,735	104,180	427,915	466,473	-8.3
Other Postemployment Benefit Liabilities	446,249	126,252	572,501	450,361	27.1
Total	<u>\$ 14,002,814</u>	<u>\$ 1,447,302</u>	<u>\$ 15,450,116</u>	<u>\$ 11,152,970</u>	

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. The applicable debt of the City outstanding at December 31, 2013 totaled \$13,018,986, approximately 18% of the maximum legal limit of \$73,154,635.

The City issued Series 2013A bonds in the amount of \$3,490,000 for the purpose of financing various street, public building, and parks capital projects. The City also issued Series 2013B notes in the amount of \$2,860,000 to partially finance capital expenditures and equipment purchases, as well as refund Series 2007A Notes.

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

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2013**

**CURRENTLY KNOWN FACTS**

Cash and debt management of the City includes prepayment and refinancing of debt to take advantage of reduced interest rates on general obligation notes and to utilize cash balances that are receiving minimal interest earnings.

The City continues to monitor and manage the budget, which has resulted in a strong fund balance position that allows the City to manage well under the present constraints imposed by the state levy limits.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Hudson's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Finance Officer, 505 Third Street, Hudson, Wisconsin 54016.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Joint Library	Community Access Board
<b>ASSETS</b>					
Cash and Investments	\$ 14,861,933	\$ 12,874,670	\$ 27,736,603	\$ 252,228	\$ 780,936
Taxes Receivable	6,630,327	148,318	6,778,645	-	-
Special Assessments Receivable	15,013	-	15,013	-	-
Specials and Delinquents Held by County	19,676	-	19,676	-	-
Accounts Receivable	190,105	1,225,738	1,415,843	-	50,500
Due from Other Governmental Units	137,457	64,915	202,372	-	-
Long-Term Receivables	34,363	294,420	328,783	-	-
Prepayments	35,841	-	35,841	3,549	600
Inventories	-	31,269	31,269	-	-
Internal Balances	189,092	(189,092)	-	-	-
Restricted Assets:					
Cash and Investments	-	2,928,598	2,928,598	-	-
Capital Assets:					
Capital Assets Not Being Depreciated	8,809,915	1,988,770	10,798,685	-	-
Capital Assets Being Depreciated	97,027,691	44,652,376	141,680,067	1,144,178	145,621
Accumulated Depreciation	(60,078,124)	(17,828,995)	(77,907,119)	(131,902)	(86,878)
Total Assets	<u>67,873,289</u>	<u>46,190,987</u>	<u>114,064,276</u>	<u>1,268,053</u>	<u>890,779</u>
<b>LIABILITIES</b>					
Vouchers and Accounts Payable	401,223	122,528	523,751	9,562	8,802
Construction Contracts Payable	57,842	-	57,842	-	-
Accrued Interest Payable	66,836	5,906	72,742	-	-
Payroll Withholdings	55,289	-	55,289	-	-
Accrued Wages	146,880	64,720	211,600	15,658	3,246
Due to Other Governmental Units	15,204	38,661	53,865	-	-
Unearned Revenues	1,906	73,969	75,875	-	-
Special Deposits	134,959	-	134,959	-	-
Security Deposit	-	125	125	-	-
Noncurrent Liabilities:					
Amounts Due Within One Year	1,842,258	403,739	2,245,997	24,595	6,627
Amounts Due in More than One Year	12,160,556	1,043,563	13,204,119	24,108	7,916
Total Liabilities	<u>14,882,953</u>	<u>1,753,211</u>	<u>16,636,164</u>	<u>73,923</u>	<u>26,591</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Subsequent Year's Property Taxes	7,186,283	-	7,186,283	-	-
<b>NET POSITION</b>					
Net Investment in Capital Assets	36,273,931	27,635,918	63,909,849	963,573	44,200
Restricted for:					
Debt Service	66,752	339,571	406,323	-	-
Asset Replacement	-	1,803,722	1,803,722	-	-
Capital Projects	3,328,428	-	3,328,428	-	-
Economic Development Loan Programs	522,370	-	522,370	-	-
Other Purposes	431,077	780,614	1,211,691	230,557	819,988
Unrestricted	<u>5,181,495</u>	<u>13,877,951</u>	<u>19,059,446</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 45,804,053</u>	<u>\$ 44,437,776</u>	<u>\$ 90,241,829</u>	<u>\$ 1,194,130</u>	<u>\$ 864,188</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges	Operating	Capital	Primary Government			Component Units	
		For	Grants and	Grants and	Governmental	Business-Type	Totals	Joint	Community
	Services	Contributions	Contributions	Activities	Activities		Library	Access Board	
<b>Primary Government:</b>									
Governmental Activities:									
General Government	\$ 1,114,656	\$ 176,191	\$ -	\$ -	\$ (938,465)	\$ -	\$ (938,465)	\$ -	\$ -
Public Safety	3,908,736	721,205	59,167	1,963	(3,126,401)	-	(3,126,401)	-	-
Public Works	4,157,145	391,290	573,026	919,042	(2,273,787)	-	(2,273,787)	-	-
Health and Social Services	18,898	4,687	-	-	(14,211)	-	(14,211)	-	-
Culture, Recreation and Education	1,482,629	97,163	115,364	-	(1,270,102)	-	(1,270,102)	-	-
Conservation and Development	814,083	-	-	-	(814,083)	-	(814,083)	-	-
Interest and Fiscal Charges	484,797	-	-	-	(484,797)	-	(484,797)	-	-
Total Governmental Activities	<u>11,980,944</u>	<u>1,390,536</u>	<u>747,557</u>	<u>921,005</u>	<u>(8,921,846)</u>	<u>-</u>	<u>(8,921,846)</u>	<u>-</u>	<u>-</u>
Business-Type Activities:									
Water	2,348,453	2,775,020	-	500,163	-	926,730	926,730	-	-
Sewage Treatment	1,874,133	1,545,269	-	240,845	-	(88,019)	(88,019)	-	-
Parking Facilities	103,893	212,023	-	-	-	108,130	108,130	-	-
Ambulance Services	1,350,179	1,523,424	9,700	-	-	182,945	182,945	-	-
Total Business-Type Activities	<u>5,676,658</u>	<u>6,055,736</u>	<u>9,700</u>	<u>741,008</u>	<u>-</u>	<u>1,129,786</u>	<u>1,129,786</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 17,657,602</u>	<u>\$ 7,446,272</u>	<u>\$ 757,257</u>	<u>\$ 1,662,013</u>	<u>(8,921,846)</u>	<u>1,129,786</u>	<u>(7,792,060)</u>	<u>-</u>	<u>-</u>
<b>Component Units:</b>									
Joint Library	\$ 833,592	\$ 474,046	\$ 281,174	\$ -			(78,372)	-	
Community Access Board	156,827	223,975	-	-			-	67,148	
Total Component Units	<u>\$ 990,419</u>	<u>\$ 698,021</u>	<u>\$ 281,174</u>	<u>\$ -</u>			<u>(78,372)</u>	<u>67,148</u>	
General Revenues:									
Taxes:									
Property Taxes, Levied for General Purposes					5,177,823	-	5,177,823	-	-
Property Taxes, Levied for Debt Purposes					1,350,787	-	1,350,787	-	-
Other Taxes					204,845	-	204,845	-	-
State and Federal Aids not Restricted to Specific Functions					196,852	-	196,852	-	-
Interest and Investment Earnings					(310,934)	(323,030)	(633,964)	(4,705)	(15,651)
Other Interest Revenue					1,905	9,028	10,933	-	-
Miscellaneous					290,377	2,000	292,377	46,606	1,682
Transfers					481,876	(481,876)	-	-	-
Total General Revenues and Transfers					<u>7,393,531</u>	<u>(793,878)</u>	<u>6,599,653</u>	<u>41,901</u>	<u>(13,969)</u>
<b>Change in Net Position</b>					<u>(1,528,315)</u>	<u>335,908</u>	<u>(1,192,407)</u>	<u>(36,471)</u>	<u>53,179</u>
Net Position - Beginning of Year					49,373,978	44,101,868	93,475,846	-	-
Restatement Due to Change in Accounting Principle					(2,041,610)	-	(2,041,610)	1,230,601	811,009
Net Position - Beginning of Year - As Restated					<u>47,332,368</u>	<u>44,101,868</u>	<u>91,434,236</u>	<u>1,230,601</u>	<u>811,009</u>
<b>Net Position - End of Year</b>					<u>\$ 45,804,053</u>	<u>\$ 44,437,776</u>	<u>\$ 90,241,829</u>	<u>\$ 1,194,130</u>	<u>\$ 864,188</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
<b>ASSETS</b>						
Treasurer's Cash and Investments	\$ 4,607,884	\$ 2,933,117	\$ 118,575	\$ 5,021,888	\$ 2,180,469	\$ 14,861,933
Taxes Receivable	4,838,094	-	1,775,928	16,305	-	6,630,327
Special Assessments Receivable	-	-	-	15,013	-	15,013
Specials and Delinquents Held by County	-	-	-	19,676	-	19,676
Accounts Receivable	77,029	-	-	19,130	93,946	190,105
Due from Other Governments	44,502	-	-	-	92,955	137,457
Advances to Other Funds	189,092	-	-	-	-	189,092
Prepayments	35,841	-	-	-	-	35,841
Long-Term Loans Receivables	-	-	-	-	34,363	34,363
<b>Total Assets</b>	<b>\$ 9,792,442</b>	<b>\$ 2,933,117</b>	<b>\$ 1,894,503</b>	<b>\$ 5,092,012</b>	<b>\$ 2,401,733</b>	<b>\$ 22,113,807</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Vouchers and Accounts Payable	\$ 178,666	\$ 8,193	\$ -	\$ 156,836	\$ 57,528	\$ 401,223
Construction Contracts Payable	-	-	-	57,842	-	57,842
Payroll Withholdings	55,289	-	-	-	-	55,289
Accrued Wages	146,803	-	-	-	77	146,880
Due Other Governmental Units	15,204	-	-	-	-	15,204
Unearned Revenues	-	-	-	1,906	-	1,906
Special Deposits	132,855	2,104	-	-	-	134,959
<b>Total Liabilities</b>	<b>528,817</b>	<b>10,297</b>	<b>-</b>	<b>216,584</b>	<b>57,605</b>	<b>813,303</b>
<b>Deferred Inflows of Resources:</b>						
Subsequent Year's Property Taxes	5,410,355	-	1,775,928	-	-	7,186,283
Unavailable Revenues - Special Assessments	-	-	-	31,318	-	31,318
Unavailable Revenues - Loans Receivable	-	-	-	-	34,363	34,363
Unavailable Revenues - Other	300	-	-	-	-	300
<b>Total Deferred Inflows of Resources</b>	<b>5,410,655</b>	<b>-</b>	<b>1,775,928</b>	<b>31,318</b>	<b>34,363</b>	<b>7,252,264</b>
<b>Fund Balances:</b>						
Nonspendable	234,791	-	-	-	-	234,791
Restricted	30,110	2,922,820	118,575	3,533,440	1,294,582	7,899,527
Committed	-	-	-	1,310,670	859,356	2,170,026
Assigned	251,157	-	-	-	155,827	406,984
Unassigned	3,336,912	-	-	-	-	3,336,912
<b>Total Fund Balances</b>	<b>3,852,970</b>	<b>2,922,820</b>	<b>118,575</b>	<b>4,844,110</b>	<b>2,309,765</b>	<b>14,048,240</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,792,442</b>	<b>\$ 2,933,117</b>	<b>\$ 1,894,503</b>	<b>\$ 5,092,012</b>	<b>\$ 2,401,733</b>	<b>\$ 22,113,807</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2013**

**Total Fund Balances - Governmental Funds** \$ 14,048,240

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land, Easements and Right-of-Way	\$ 8,730,710	
Construction Work in Progress	79,205	
Land Improvements	2,470,253	
Buildings and Improvements	6,309,931	
Machinery/Equipment	6,083,154	
Infrastructure	82,164,353	
Accumulated Depreciation	<u>(60,078,124)</u>	45,759,482

Some receivables, including special assessments, are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements 65,981

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

General Obligation Debt Payable	13,018,986	
Accrued Interest on Long-Term Debt	66,836	
Employee Leave Liability	323,735	
Postemployment Benefits (OPEB) Liability	<u>446,249</u>	(13,855,806)

Debt discounts and premiums are amortized over the lives of the related debt in the statement of net position. In the governmental funds these costs are considered expenditures/other financing uses when incurred.

Unamortized Debt Premium	(219,847)	
Unamortized Debt Discount	<u>6,003</u>	<u>(213,844)</u>

**Net Position of Governmental Activities** \$ 45,804,053

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2013**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund		
<b>REVENUES:</b>						
Taxes	\$ 5,382,668	\$ -	\$ 1,350,787	\$ -	\$ -	\$ 6,733,455
Special Assessments	-	-	14,944	22,178	-	37,122
Intergovernmental	824,629	-	-	-	92,955	917,584
Licenses and Permits	329,215	239,069	-	-	-	568,284
Fines and Forfeits	106,399	-	-	-	-	106,399
Public Charges for Services	120,420	-	-	-	356,534	476,954
Intergovernmental Charges for Services	446,736	-	-	-	-	446,736
Miscellaneous:						
Interest	(135,577)	(63,334)	3,461	(75,743)	(38,936)	(310,129)
Rent	142,690	-	-	-	-	142,690
Donations	1,626	-	-	-	-	1,626
Other	70,035	-	-	23,676	190,736	284,447
Total Revenues	<u>7,288,841</u>	<u>175,735</u>	<u>1,369,192</u>	<u>(29,889)</u>	<u>601,289</u>	<u>9,405,168</u>
<b>EXPENDITURES:</b>						
General Government	1,430,473	-	-	-	-	1,430,473
Public Safety	3,751,324	-	-	-	7,591	3,758,915
Transportation Facilities	1,379,088	-	-	-	241,192	1,620,280
Sanitation	27,479	-	-	-	-	27,479
Health and Social Services	18,588	-	-	-	-	18,588
Culture, Recreation and Education	522,996	-	-	-	44,978	567,974
Conservation and Development:						
General Operations	253,119	8,446	-	-	1,560	263,125
Refunds	-	541,676	-	-	-	541,676
Capital Outlay	-	-	-	1,896,560	-	1,896,560
Debt Service:						
Principal Retirement	-	-	1,086,656	-	-	1,086,656
Interest and Fiscal Charges	-	-	265,781	-	-	265,781
Debt Issuance Costs	-	-	16,438	82,840	-	99,278
Total Expenditures	<u>7,383,067</u>	<u>550,122</u>	<u>1,368,875</u>	<u>1,979,400</u>	<u>295,321</u>	<u>11,576,785</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2013**

	Major Funds			Other Nonmajor Governmental Funds	Totals
	General Fund	Impact Fees Fund	Debt Service Fund		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (94,226)	\$ (374,387)	\$ 317	\$ 305,968	\$ (2,171,617)
<b>OTHER FINANCING SOURCES (USES):</b>					
Long-Term Debt Issued	-	-	920,000	5,430,000	6,350,000
Current Refunding Payments	-	-	(960,000)	-	(960,000)
Debt Premium	-	-	169,110	33,714	202,824
Proceeds from Sale of Property	4,067	-	-	-	4,067
Transfers In	481,876	-	-	91,395	723,271
Transfers Out	(431,174)	(76,451)	(14,944)	-	(522,569)
Total Other Financing Sources (Uses)	<u>54,769</u>	<u>(76,451)</u>	<u>114,166</u>	<u>150,000</u>	<u>5,797,593</u>
<b>NET CHANGE IN FUND BALANCES</b>	(39,457)	(450,838)	114,483	455,968	3,625,976
Fund Balances, January 1	<u>3,892,427</u>	<u>3,373,658</u>	<u>4,092</u>	<u>1,298,290</u>	<u>10,422,264</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 3,852,970</u>	<u>\$ 2,922,820</u>	<u>\$ 118,575</u>	<u>\$ 2,309,765</u>	<u>\$ 14,048,240</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2013**

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,625,976

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 1,925,074	
Capital Additions Contributed	603,306	
Depreciation Expense Reported in the Statement of Activities	<u>(2,699,619)</u>	(171,239)

In the statement of activities, only the gain or loss on the sale or disposal of capital assets is reported, whereas in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of capital assets disposed of during the year.

(213,153)

Receivables not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

(41,788)

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

General Obligation Bonds and Notes		(6,350,000)
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Debt discounts and premiums are reported as an other financing use in governmental funds but are amortized over the lives of the related debt in the government wide statements.

(202,824)

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

General Obligation Bonds and Notes Principal Retirement		2,046,656
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Accrued Interest Payable	(34,994)	
Amortization of Debt Premium	5,340	
Amortization of Debt Discount	(3,646)	
Net Change in Accrued Employee Leave	7,486	
Net Change in OPEB Liability	(109,691)	
Net Change in Debt Issuance Related Costs	<u>(86,438)</u>	<u>(221,943)</u>

**Change in Net Position of Governmental Activities** **\$ (1,528,315)**

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2013**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 7,048,321	\$ 4,843,042	\$ 470,336	\$ 512,971	\$ 12,874,670
Accounts Receivable:					
Customer/Patient	618,199	395,704	682	284,337	1,298,922
Accounts Receivable on Tax Roll	80,448	67,870	-	-	148,318
Allowance for Doubtful Accounts	-	-	-	(106,317)	(106,317)
Other	25,654	7,479	-	-	33,133
Due from Other Governmental Units:					
Current Portion of Biosolids Advances	-	114,286	-	-	114,286
Other	36,353	28,562	-	-	64,915
Inventories	31,269	-	-	-	31,269
Total Current Assets	<u>7,840,244</u>	<u>5,456,943</u>	<u>471,018</u>	<u>690,991</u>	<u>14,459,196</u>
<b>Restricted Assets:</b>					
Cash and Investments:					
Debt Service/Asset Replacement	-	2,147,984	-	-	2,147,984
Carmichael Impact Assessments	780,614	-	-	-	780,614
Total Restricted Assets	<u>780,614</u>	<u>2,147,984</u>	<u>-</u>	<u>-</u>	<u>2,928,598</u>
<b>Capital Assets:</b>					
Property and Plant in Service	31,297,578	12,254,253	1,365,188	762,637	45,679,656
Accumulated Provision for Depreciation	10,494,849	6,618,347	336,792	379,007	17,828,995
Net Utility Plant in Service	<u>20,802,729</u>	<u>5,635,906</u>	<u>1,028,396</u>	<u>383,630</u>	<u>27,850,661</u>
Construction Work in Progress	961,490	-	-	-	961,490
Total Capital Assets	<u>21,764,219</u>	<u>5,635,906</u>	<u>1,028,396</u>	<u>383,630</u>	<u>28,812,151</u>
<b>Other Assets:</b>					
Advances to Biosolids Facility	-	180,134	-	-	180,134
Total Assets	<u>\$ 30,385,077</u>	<u>\$ 13,420,967</u>	<u>\$ 1,499,414</u>	<u>\$ 1,074,621</u>	<u>\$ 46,380,079</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION (CONTINUED)  
PROPRIETARY FUNDS  
DECEMBER 31, 2013**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Vouchers and Accounts Payable	\$ 69,534	\$ 27,366	\$ 3,836	\$ 21,792	\$ 122,528
Due to Other Governmental Units	15,929	22,732	-	-	38,661
Accrued Interest Payable	-	1,215	-	-	1,215
Accrued Employee Liabilities	59,327	35,622	-	9,231	104,180
Accrued Wages	26,568	19,793	1,774	16,585	64,720
Advances from Other Funds	-	-	-	56,554	56,554
Unearned Revenue	4,007	63,476	-	6,486	73,969
Security Deposit	-	-	125	-	125
Current Portion of Revenue Bonds	-	113,071	-	-	113,071
Total Current Liabilities	<u>175,365</u>	<u>283,275</u>	<u>5,735</u>	<u>110,648</u>	<u>575,023</u>
<b>Current Liabilities Payable from Restricted Assets:</b>					
Accrued Interest Payable	-	4,691	-	-	4,691
Current Portion of Revenue Bonds	-	186,488	-	-	186,488
Total Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>191,179</u>	<u>-</u>	<u>-</u>	<u>191,179</u>
<b>Long-Term Liabilities (Less Current Portion):</b>					
Advances from Other Funds	-	-	-	132,538	132,538
Other Postemployment Benefits Payable	65,235	33,705	-	27,312	126,252
Mortgage Revenue Bonds	-	917,311	-	-	917,311
Total Long-Term Liabilities	<u>65,235</u>	<u>951,016</u>	<u>-</u>	<u>159,850</u>	<u>1,176,101</u>
Total Liabilities	<u>240,600</u>	<u>1,425,470</u>	<u>5,735</u>	<u>270,498</u>	<u>1,942,303</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	21,764,219	4,648,765	1,028,396	194,538	27,635,918
Restricted for:					
Debt Service	-	339,571	-	-	339,571
Impact Assessments	780,614	-	-	-	780,614
Asset Replacement	-	1,803,722	-	-	1,803,722
Unrestricted	7,599,644	5,203,439	465,283	609,585	13,877,951
Total Net Position	<u>30,144,477</u>	<u>11,995,497</u>	<u>1,493,679</u>	<u>804,123</u>	<u>44,437,776</u>
Total Liabilities and Net Position	<u>\$ 30,385,077</u>	<u>\$ 13,420,967</u>	<u>\$ 1,499,414</u>	<u>\$ 1,074,621</u>	<u>\$ 46,380,079</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 2,306,505	\$ 1,470,178	\$ 208,084	\$ 1,166,242	\$ 5,151,009
Intergovernmental Contracts	-	-	-	348,920	348,920
Grants and Subsidies	-	-	-	7,242	7,242
Other	468,515	75,091	3,939	1,020	548,565
Total Operating Revenues	<u>2,775,020</u>	<u>1,545,269</u>	<u>212,023</u>	<u>1,523,424</u>	<u>6,055,736</u>
<b>OPERATING EXPENSES:</b>					
Operation and Maintenance	1,621,238	1,494,578	78,845	1,282,865	4,477,526
Depreciation	727,215	340,885	25,048	60,745	1,153,893
Total Operating Expenses	<u>2,348,453</u>	<u>1,835,463</u>	<u>103,893</u>	<u>1,343,610</u>	<u>5,631,419</u>
<b>OPERATING INCOME (LOSS)</b>	<u>426,567</u>	<u>(290,194)</u>	<u>108,130</u>	<u>179,814</u>	<u>424,317</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment Earnings	(156,297)	(153,892)	(8,394)	(4,447)	(323,030)
Other Interest Income	-	9,028	-	-	9,028
Hook-up Fees	-	240,845	-	-	240,845
Donations/Other	-	-	-	9,700	9,700
Interest Expense	-	(38,315)	-	(6,569)	(44,884)
Amortization of Debt Discount and Expense	-	(355)	-	-	(355)
Gain/Loss on Sale of Capital Assets	-	-	-	2,000	2,000
Total Nonoperating Revenues (Expenses)	<u>(156,297)</u>	<u>57,311</u>	<u>(8,394)</u>	<u>684</u>	<u>(106,696)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>270,270</u>	<u>(232,883)</u>	<u>99,736</u>	<u>180,498</u>	<u>317,621</u>
<b>CAPITAL CONTRIBUTIONS:</b>					
Plant Contributed by Developers	233,815	-	-	-	233,815
Impact Fees Applied	266,348	-	-	-	266,348
Total Capital Contributions	<u>500,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,163</u>
<b>TRANSFERS:</b>					
Transfer to General Fund	<u>(424,804)</u>	<u>(57,072)</u>	<u>-</u>	<u>-</u>	<u>(481,876)</u>
<b>CHANGE IN NET POSITION</b>	345,629	(289,955)	99,736	180,498	335,908
Net Position, January 1	<u>29,798,848</u>	<u>12,285,452</u>	<u>1,393,943</u>	<u>623,625</u>	<u>44,101,868</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 30,144,477</u>	<u>\$ 11,995,497</u>	<u>\$ 1,493,679</u>	<u>\$ 804,123</u>	<u>\$ 44,437,776</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities-Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 1,957,596	\$ 1,643,397	\$ 123,949	\$ 1,116,225	\$ 4,841,167
Cash Received for Public Fire Protection	684,831	-	-	-	684,831
Cash Received (Paid) for Sewer Share of Meter Related Expense	155,136	(156,344)	-	-	(1,208)
Cash Received from Government Subsidies/ Contracts/Grants	-	5,010	-	366,157	371,167
Cash Received from Parking Forfeitures	-	-	88,452	-	88,452
Cash Paid for City/Village Surcharges	-	(93,355)	-	-	(93,355)
Cash Payments to Suppliers for Goods and Services	(744,001)	(809,339)	(22,957)	(469,461)	(2,045,758)
Cash Payments for Employee Services	(872,800)	(678,561)	(53,439)	(799,582)	(2,404,382)
Net Cash Provided by (Used for) Operating Activities	<u>1,180,762</u>	<u>(89,192)</u>	<u>136,005</u>	<u>213,339</u>	<u>1,440,914</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash Donations Received	-	-	-	9,700	9,700
Cash Payments of Tax Equivalent to General Fund	(424,804)	(57,072)	-	-	(481,876)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(424,804)</u>	<u>(57,072)</u>	<u>-</u>	<u>9,700</u>	<u>(472,176)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Cash Payments for Capital Assets	(257,028)	(649,321)	-	(58,554)	(964,903)
Cash Received for Salvage of Capital Assets	-	-	-	2,000	2,000
Cash Received for Hook-up Fees	-	240,845	-	-	240,845
Cash Received for Impact Fees	266,348	-	-	-	266,348
Cash Paid for Principal on Interfund Advance	-	-	-	(54,883)	(54,883)
Cash Paid for Interest on Interfund Advance	-	-	-	(6,569)	(6,569)
Principal Paid on Long-Term Debt	-	(181,317)	-	-	(181,317)
Interest Paid on Long-Term Debt	-	(30,148)	-	-	(30,148)
Net Cash Used for Capital and Related Financing Activities	<u>9,320</u>	<u>(619,941)</u>	<u>-</u>	<u>(118,006)</u>	<u>(728,627)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Earnings on Investments	(156,297)	(153,892)	(8,394)	(4,447)	(323,030)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>608,981</b>	<b>(920,097)</b>	<b>127,611</b>	<b>100,586</b>	<b>(82,919)</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>7,219,954</b>	<b>7,911,123</b>	<b>342,725</b>	<b>412,385</b>	<b>15,886,187</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b><u>\$ 7,828,935</u></b>	<b><u>\$ 6,991,026</u></b>	<b><u>\$ 470,336</u></b>	<b><u>\$ 512,971</u></b>	<b><u>\$ 15,803,268</u></b>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities-Enterprise Funds				Total
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 426,567	\$ (290,194)	\$ 108,130	\$ 179,814	\$ 424,317
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	727,215	340,885	25,048	60,745	1,153,893
(Increase) Decrease in Assets:					
Customer/Patient Accounts Receivable	(40,875)	7,020	378	(15,227)	(48,704)
Accounts Receivable on Tax Roll	23,087	13,063	-	-	36,150
Other Accounts Receivable	51,538	14,378	-	-	65,916
Allowance for Uncollectible Accounts	-	-	-	(20,033)	(20,033)
Due from Other Governments	(1,971)	2,270	-	9,731	10,030
Inventories	(194)	-	-	-	(194)
Increase (Decrease) in Liabilities:					
Accounts Payable	(15,227)	(168,124)	2,168	(14,677)	(195,860)
Special Deposits	(13,243)	-	-	-	(13,243)
Accrued Wages	4,244	3,474	281	-	7,999
Accrued Employee Liabilities	13,652	14,984	-	13,742	42,378
Unearned Revenues	4,007	-	-	(756)	3,251
Due to Other Governmental Units	1,962	(26,948)	-	-	(24,986)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,180,762</u>	<u>\$ (89,192)</u>	<u>\$ 136,005</u>	<u>\$ 213,339</u>	<u>\$ 1,440,914</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>					
Cash and Investments per Statement of Net Position:					
Cash and Investments	\$ 7,048,321	\$ 4,843,042	\$ 470,336	\$ 512,971	\$ 12,874,670
Cash and Investments - Restricted	780,614	2,147,984	-	-	2,928,598
Cash and Cash Equivalents	<u>\$ 7,828,935</u>	<u>\$ 6,991,026</u>	<u>\$ 470,336</u>	<u>\$ 512,971</u>	<u>\$ 15,803,268</u>
<b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Assets Financed through Customers and Developers	\$ 233,815	\$ -	\$ -	\$ -	\$ 233,815
Long-Term Debt Paid Directly by Biosolids Facility:					
Principal Repaid	-	109,593	-	-	109,593
Interest Paid	-	9,028	-	-	9,028

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2013**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,745,327
Taxes Receivable	<u>19,526,545</u>
 Total Assets	 <u><u>\$ 21,271,872</u></u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,193
Due Other Governmental Units:	
State	248,296
County	5,610,524
School District	13,576,587
Technical College	<u>1,833,272</u>
 Total Liabilities	 <u><u>\$ 21,271,872</u></u>

*See accompanying Notes to Basic Financial Statements.*

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

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

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

**Other Entity – St. Croix Business Park.** Effective November 1996, the City became fiscal agent for the St. Croix Business Park Corporation (Business Park). The Business Park is a nonprofit corporation established for the purpose of owning and developing industrial property in the City of Hudson. It has no members and is governed by a three member board of directors with one director appointed by the City, one by Xcel Energy (formerly Northern States Power Company), and one by the Hudson Area Development Corporation. The Business Park is not considered to be a component unit of the City's reporting entity and, accordingly, transactions of the Business Park are not included in the City's financial statements.

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

**B. Government-Wide and Fund Financial Statements**

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

**Government-Wide Statements**

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Government-Wide Statements (Continued)**

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

**Fund Financial Statements**

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

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

The City reports the following major governmental funds:

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

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

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

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

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Financial Statements (Continued)**

The City reports the following major enterprise funds:

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

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

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

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

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

Additionally, the City reports the following fiduciary fund:

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

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Agency funds do not have a measurement focus.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Deposits and Investments**

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

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

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

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

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

Investments of the City are stated at fair value.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Receivables and Payables**

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

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

**Special Assessments.** Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. City policy requires payment if \$500 or less, in which most fall into this range. Unavailable special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2013 tax roll are recognized as revenue in 2014.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Receivables and Payables (Continued)**

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

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

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Capital Assets**

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

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

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

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

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

**6. Deferred Outflows of Resources**

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Deferred Inflows of Resources**

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

**8. Compensated Absences**

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

**9. Other Postemployment Benefits Payable**

The City provides certain contributions toward postemployment health care benefits. The City funds the liability on a pay-as-you-go basis. The liability was actuarially determined in accordance with GASB 45.

**10. Long-Term Obligations/Conduit Debt**

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The City had approved the issuance of industrial revenue bonds (IRB's) for the benefit of private business enterprises in prior years. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The City had IRB's outstanding at December 31, 2013 for the Hudson Hockey Association totaling \$1,147,180.

**11. Defining Operating Revenues and Expenses**

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

**12. Use of Restricted Resources**

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

**13. Equity Classifications**

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

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**13. Equity Classifications (Continued)**

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

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

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City's cash and investments balances at December 31, 2013 are shown in the financial statements as follows:

Governmental Funds	\$ 14,861,933
Proprietary Funds	15,803,268
Fiduciary Funds	1,745,327
	<u>\$ 32,410,528</u>

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 12,420,749
Deposits in State Local Government Pooled-Investment Fund	2,431,349
Investments in Federal Agency Issuances	18,245,752
Investments in Money Market Account	344,592
Petty Cash	1,250
Total Cash and Investments	<u>33,443,692</u>
Less Amount Allocated to Component Units	<u>(1,033,164)</u>
	<u>\$ 32,410,528</u>

**Deposits at Financial Institutions**

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

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City's deposits may not be returned. At December 31, 2013, the City's deposits were not exposed to significant custodial credit risk.

**Investments**

The City's investments at December 31, 2013 consisted of deposits in the State of Wisconsin Local Government Investment Pool (an external investment pool), U.S. government agencies and instrumentalities obligations, and a money market fund associated with its investments in federal securities.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

**Deposits in State Local Government Pooled-Investment Fund.** The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2013 was 70 days.

**U.S. Government Agencies and Instrumentalities Obligations.** The City's investments in these obligations at December 31, 2013 are summarized as follows:

Description	Totals	Investment Maturities (in years)				S & P Rating
		<1	1 to 5	5 to 10	>10	
Debt Instruments:						
FNMA	\$ 2,072,265	\$ -	\$ 453,505	\$ 1,618,760	\$ -	AAA
FHLMC	1,665,524	-	876,515	248,274	540,735	AAA
FHLB	13,822,427	-	98,967	4,364,467	9,358,993	AAA
FFCB	532,438	-	-	532,438	-	AAA
Loan/mortgage pools -						
GNMA	8,486	-	-	6,342	2,144	Not Applicable
Other:						
Village of Menomonee Falls Bond	144,612	-	144,612	-	-	Not Rated
	<u>\$ 18,245,752</u>	<u>\$ -</u>	<u>\$ 1,573,599</u>	<u>\$ 6,770,281</u>	<u>\$ 9,901,872</u>	

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

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

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

**B. Receivables/Deferred Inflows of Resources**

**1. Other Receivables**

Other accounts receivable at December 31, 2013 are further detailed as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Totals
Special Assessments	\$ -	\$ 34,689	\$ -	\$ -	\$ 34,689
Accounts Receivable:					
General	77,029	19,130	93,946	33,133	223,238
Customers:					
Water	-	-	-	618,199	618,199
Sewer	-	-	-	395,704	395,704
Parking	-	-	-	682	682
Ambulance (net)	-	-	-	178,020	178,020
	<u>77,029</u>	<u>19,130</u>	<u>93,946</u>	<u>1,225,738</u>	<u>1,415,843</u>
Due From Other Governments	44,502	-	92,955	64,915	202,372
Long-Term Receivables:					
Economic Development Loans	-	-	34,363	-	34,363
Biosolids Facility	-	-	-	294,420	294,420
	<u>-</u>	<u>-</u>	<u>34,363</u>	<u>294,420</u>	<u>328,783</u>
Totals	<u>\$ 121,531</u>	<u>\$ 53,819</u>	<u>\$ 221,264</u>	<u>\$ 1,585,073</u>	<u>\$ 1,981,687</u>

Accounts receivable of the ambulance service and parking utility enterprise funds are reported net of an allowance for uncollectible accounts. Such allowance totaled \$106,317 in the ambulance service fund at December 31, 2013, while the receivable of \$57,747 in the parking utility fund was completely offset by an allowance of \$57,747 at December 31, 2013. Accounts receivable in the general fund for municipal court citations are also reported net of an allowance for uncollectible accounts, which both the receivable and allowance totaled \$164,523 at December 31, 2013. Long-term receivables related to economic development loans and advances to the Biosolids Facility are further discussed in Note 3.E and 4.D, respectively.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables/Deferred Inflows of Resources (Continued)**

**2. Deferred Inflows of Resources**

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds are shown as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
2013 Tax Roll Items:			
Property Taxes	\$ -	\$ 7,186,283	\$ 7,186,283
Special Assessments	16,305	-	16,305
Special Assessments - Future Years	15,013	-	15,013
Economic Development Loans	34,363	-	34,363
Prepaid Special Assessments	-	1,906	1,906
Other	300	-	300
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 65,981</u>	<u>\$ 7,188,189</u>	<u>\$ 7,254,170</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital assets activity for the year ended December 31, 2013 is shown below:

**Governmental Activities**

	Beginning Balance	Restatement	Restated Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:						
Land, Easements and Right-of-Way	\$ 8,730,710	\$ -	\$ 8,730,710	\$ -	\$ -	\$ 8,730,710
Construction Work in Progress	36,133	-	36,133	103,414	60,342	79,205
Total Capital Assets Not Being Depreciated	8,766,843	-	8,766,843	103,414	60,342	8,809,915
Capital Assets Being Depreciated:						
Land Improvements	2,460,918	-	2,460,918	9,335	-	2,470,253
Buildings and Improvements	6,396,022	(523,386)	5,872,636	437,295	-	6,309,931
Machinery and Equipment	4,232,722	(721,009)	3,511,713	287,925	1,179,042	2,620,596
Licensed Vehicles	3,479,028	-	3,479,028	80,249	96,719	3,462,558
Infrastructure	81,278,670	-	81,278,670	1,670,504	784,821	82,164,353
Total Capital Assets Being Depreciated	97,847,360	(1,244,395)	96,602,965	2,485,308	2,060,582	97,027,691
Total Capital Assets	106,614,203	(1,244,395)	105,369,808	2,588,722	2,120,924	105,837,606
Accumulated Depreciation:						
Land Improvements	1,415,032	-	1,415,032	109,700	-	1,524,732
Buildings and Improvements	1,768,728	(50,503)	1,718,225	134,628	-	1,852,853
Machinery and Equipment	2,561,809	(126,976)	2,434,833	142,279	1,009,702	1,567,410
Licensed Vehicles	2,725,801	-	2,725,801	227,473	90,950	2,862,324
Infrastructure	50,932,043	-	50,932,043	2,085,539	746,777	52,270,805
Total Accumulated Depreciation	59,403,413	(177,479)	59,225,934	2,699,619	1,847,429	60,078,124
Net Capital Assets - Governmental Activities	\$ 47,210,790	\$ (1,066,916)	\$ 46,143,874	\$ (110,897)	\$ 273,495	\$ 45,759,482

Depreciation was charged to governmental functions as follows:

General Government	\$ 85,865
Public Safety	201,353
Transportation	2,250,469
Sanitation	310
Culture, Recreation and Education	161,256
Conservation and Development	366
	<u>\$ 2,699,619</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 136,862	\$ -	\$ -	\$ 136,862
Construction in Progress	943,894	17,596	-	961,490
Total Capital Assets Not Being Depreciated	<u>1,080,756</u>	<u>17,596</u>	<u>-</u>	<u>1,098,352</u>
Capital Assets Being Depreciated:				
Source of Supply	1,342,566	-	-	1,342,566
Pumping Plant	2,242,884	-	-	2,242,884
Water Treatment	4,785,214	-	-	4,785,214
Transmission and Distribution	21,414,079	472,278	17,205	21,869,152
General Assets	919,105	1,795	-	920,900
Total Capital Assets Being Depreciated	<u>30,703,848</u>	<u>474,073</u>	<u>17,205</u>	<u>31,160,716</u>
Total Capital Assets	<u>31,784,604</u>	<u>491,669</u>	<u>17,205</u>	<u>32,259,068</u>
Accumulated Depreciation:				
Source of Supply	487,591	34,160	-	521,751
Pumping Plant	1,493,557	88,565	-	1,582,122
Water Treatment	1,717,879	157,093	-	1,874,972
Transmission and Distribution	5,265,629	403,072	16,379	5,652,322
General Assets	819,357	44,325	-	863,682
Total Accumulated Depreciation	<u>9,784,013</u>	<u>727,215</u>	<u>16,379</u>	<u>10,494,849</u>
Net Capital Assets - Water Utility	<u>22,000,591</u>	<u>(235,546)</u>	<u>826</u>	<u>21,764,219</u>
<b>Sewer Utility:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 129,856	\$ -	\$ -	\$ 129,856
Construction in Progress	378,235	607,824	986,059	-
Total Capital Assets Not Being Depreciated	<u>508,091</u>	<u>607,824</u>	<u>986,059</u>	<u>129,856</u>
Capital Assets Being Depreciated:				
Collection System	680,920	-	-	680,920
Pumping System	12,400	-	-	12,400
Treatment and Disposal Plant	9,583,480	1,013,048	-	10,596,528
General Plant	834,549	-	-	834,549
Total Capital Assets Being Depreciated	<u>11,111,349</u>	<u>1,013,048</u>	<u>-</u>	<u>12,124,397</u>
Total Capital Assets	<u>11,619,440</u>	<u>1,620,872</u>	<u>986,059</u>	<u>12,254,253</u>
Accumulated Depreciation:				
Collection System	202,074	7,677	-	209,751
Pumping System	12,400	-	-	12,400
Treatment and Disposal Plant	5,635,535	298,788	-	5,934,323
General Plant	427,453	34,420	-	461,873
Total Accumulated Depreciation	<u>6,277,462</u>	<u>340,885</u>	<u>-</u>	<u>6,618,347</u>
Net Capital Assets - Sewer Utility	<u>5,341,978</u>	<u>1,279,987</u>	<u>986,059</u>	<u>5,635,906</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

**Business-Type Activities (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Parking Utility:</b>				
Capital Assets Not Being Depreciated:				
Parking Lots	\$ 760,562	\$ -	\$ -	\$ 760,562
Capital Assets Being Depreciated:				
Improvements to Lots	545,747	-	-	545,747
Equipment	58,879	-	-	58,879
Total Capital Assets Being Depreciated	<u>604,626</u>	<u>-</u>	<u>-</u>	<u>604,626</u>
Total Capital Assets	<u>1,365,188</u>	<u>-</u>	<u>-</u>	<u>1,365,188</u>
<b>Accumulated Depreciation:</b>				
Improvements to Lots	269,155	20,600	-	289,755
Equipment	42,589	4,448	-	47,037
Total Accumulated Depreciation	<u>311,744</u>	<u>25,048</u>	<u>-</u>	<u>336,792</u>
Net Capital Assets - Parking Utility	<u>1,053,444</u>	<u>(25,048)</u>	<u>-</u>	<u>1,028,396</u>
<b>Ambulance Service:</b>				
Capital Assets Being Depreciated:				
Vehicles	588,599	37,718	31,821	594,496
Other Equipment	147,305	20,836	-	168,141
Total Capital Assets	<u>735,904</u>	<u>58,554</u>	<u>31,821</u>	<u>762,637</u>
Total Accumulated Depreciation	<u>350,083</u>	<u>60,745</u>	<u>31,821</u>	<u>379,007</u>
Net Capital Assets - Ambulance Service	<u>385,821</u>	<u>(2,191)</u>	<u>-</u>	<u>383,630</u>
<b>Totals - Business-Type Activities:</b>				
Capital Assets Not Being Depreciated	2,349,409	625,420	986,059	1,988,770
Capital Assets Being Depreciated	43,155,727	1,545,675	49,026	44,652,376
Total Capital Assets	<u>45,505,136</u>	<u>2,171,095</u>	<u>1,035,085</u>	<u>46,641,146</u>
Less Accumulated Depreciation	<u>16,723,302</u>	<u>1,153,893</u>	<u>48,200</u>	<u>17,828,995</u>
Net Capital Assets - Business-Type Activities	<u>\$ 28,781,834</u>	<u>\$ 1,017,202</u>	<u>\$ 986,885</u>	<u>\$ 28,812,151</u>

Depreciation was charged to the following business-type activities:

Water	\$ 727,215
Sewer	340,885
Parking	25,048
Ambulance	60,745
	<u>\$ 1,153,893</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivables, Payables and Transfers**

**Advances to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Ambulance Service Fund	\$ 189,092	Financing for purchase of ambulance(s)

On July 18, 2011, the City Council approved advancing \$135,000 from the general fund to the ambulance service fund to finance the purchase of a new ambulance. The advance is to be repaid in monthly installments of \$2,426 from September 2011 through August 2016 at 3.00% interest. On September 4, 2012, the City Council approved advancing \$150,000 from the general fund to the ambulance service fund to finance the purchase of another new ambulance. The advance is to be repaid in monthly installments of \$2,695 from October 2012 through September 2017 at 3.00% interest. During 2013, the ambulance paid the general fund combined principal of \$54,883 on these loans.

**Interfund Transfers**

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Storm Fund	\$ 150,000	Project costs
			Excess revenues and interest earnings
Debt Service Fund	Capital Projects Fund	14,944	above debt requirements
Impact Fees Fund	Capital Projects Fund	76,451	Project costs
Water Utility Fund	General Fund	424,804	Property tax equivalent
Sewer Utility Fund	General Fund	57,072	Property tax equivalent
		<u>\$ 723,271</u>	

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations**

**Changes in Long-Term Obligations**

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2013:

	Balance 1/1/13	Restatement	Restated Balance 1/1/13	Additions	Reductions	Balance 12/31/13	Amounts Due Within One Year
<b>Long-Term Debt:</b>							
<b>Governmental Activities:</b>							
General Obligation Bonds	\$ -	\$ -	\$ -	\$ 3,490,000	\$ -	\$ 3,490,000	\$ 230,000
General Obligation Notes	8,715,642	-	8,715,642	2,860,000	2,046,656	9,528,986	1,288,523
Unamortized Debt Premium	22,363	-	22,363	202,824	5,340	219,847	-
Unamortized Debt Discount	(9,649)	-	(9,649)	-	(3,646)	(6,003)	-
	<u>8,728,356</u>	<u>-</u>	<u>8,728,356</u>	<u>6,552,824</u>	<u>2,048,350</u>	<u>13,232,830</u>	<u>1,518,523</u>
<b>Business-Type Activities:</b>							
<b>Mortgage Revenue Bonds:</b>							
Sewer Utility	1,507,780	-	1,507,780	-	290,910	1,216,870	299,559
	<u>1,507,780</u>	<u>-</u>	<u>1,507,780</u>	<u>-</u>	<u>290,910</u>	<u>1,216,870</u>	<u>299,559</u>
<b>Total Long-Term Debt</b>	<u>\$ 10,236,136</u>	<u>\$ -</u>	<u>\$ 10,236,136</u>	<u>\$ 6,552,824</u>	<u>\$ 2,339,260</u>	<u>\$ 14,449,700</u>	<u>\$ 1,818,082</u>
<b>Other Long-Term Obligations:</b>							
<b>Governmental Activities:</b>							
Employee Leave Liability	363,933	(32,712)	331,221	-	7,486	323,735	323,735
Other Postemployment Benefits Payable	360,710	(24,152)	336,558	127,063	17,372	446,249	-
	<u>724,643</u>	<u>(56,864)</u>	<u>667,779</u>	<u>127,063</u>	<u>24,858</u>	<u>769,984</u>	<u>323,735</u>
<b>Business-Type Activities:</b>							
Employee Leave Liability	102,540	-	102,540	1,640	-	104,180	104,180
Other Postemployment Benefits Payable	89,651	-	89,651	42,398	5,797	126,252	-
	<u>192,191</u>	<u>-</u>	<u>192,191</u>	<u>44,038</u>	<u>5,797</u>	<u>230,432</u>	<u>104,180</u>
<b>Total Other Long-Term Obligations</b>	<u>\$ 916,834</u>	<u>\$ (56,864)</u>	<u>\$ 859,970</u>	<u>\$ 171,101</u>	<u>\$ 30,655</u>	<u>\$ 1,000,416</u>	<u>\$ 427,915</u>

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**General Obligation Debt**

**Annual Requirements for Retirement.** Individual general obligation long-term debt issued outstanding at December 31, 2013 and annual requirements for their retirement as of that date are shown below:

		Outstanding 12/31/13	Scheduled Future Payments							
			2014	2015	2016	2017	2018	2019-2023	2024-2028	2029-2033
<b>State Trust Fund Loans:</b>										
\$400,000, issued 5/13/05, due 3/15/15, interest at 4.0%	Principal (3/15)	\$ 98,986	\$ 48,523	\$ 50,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest (3/15)	5,978	3,959	2,019	-	-	-	-	-	-
<b>Bond Issues:</b>										
\$3,490,000 Series 2013A, dated 10/9/13, due 10/1/33, interest at 3.00 to 4.00%	Principal (10/1)	3,490,000	230,000	125,000	130,000	135,000	140,000	755,000	890,000	1,085,000
	Interest (4/1, 10/1)	1,450,941	119,015	114,820	111,070	107,170	103,120	450,500	313,398	131,848
<b>Promissory Note Issues:</b>										
\$2,860,000 Series 2013B, dated 10/9/13, due 10/1/23, interest at 2.00 to 2.750%	Principal (10/1)	2,860,000	505,000	510,000	450,000	185,000	190,000	1,020,000	-	-
	Interest (4/1, 10/1)	292,866	60,124	51,390	41,190	32,190	28,490	79,482	-	-
\$3,530,000 dated 5/25/11, due 5/1/21 interest at 1.00 to 3.00%	Principal (11/1)	2,835,000	320,000	330,000	340,000	320,000	360,000	1,165,000	-	-
	Interest (5/1, 11/1)	330,770	63,970	60,130	54,850	48,390	41,350	62,080	-	-
\$3,200,000 dated 7/21/09, due 6/1/19 interest at 3.00 to 3.70%	Principal (12/1)	2,595,000	200,000	200,000	325,000	630,000	630,000	610,000	-	-
	Interest (6/1, 12/1)	377,285	90,860	84,860	78,360	66,985	44,935	11,285	-	-
\$1,925,000 dated 6/10/08, due 6/1/18 interest at 3.50 to 3.75%	Principal (12/1)	1,140,000	215,000	220,000	230,000	235,000	240,000	-	-	-
	Interest (6/1, 12/1)	124,550	41,662	34,137	26,438	17,813	4,500	-	-	-
<b>Total Future Requirements:</b>										
	Principal	13,018,986	1,518,523	1,435,463	1,475,000	1,505,000	1,560,000	3,550,000	890,000	1,085,000
	Interest	2,582,390	379,590	347,356	311,908	272,548	222,395	603,347	313,398	131,848
<b>Totals</b>		<b>\$ 15,601,376</b>	<b>\$ 1,898,113</b>	<b>\$ 1,782,819</b>	<b>\$ 1,786,908</b>	<b>\$ 1,777,548</b>	<b>\$ 1,782,395</b>	<b>\$ 4,153,347</b>	<b>\$ 1,203,398</b>	<b>\$ 1,216,848</b>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

**General Obligation Debt Limitation.** Section 67.03 of the Wisconsin Statutes provides that the amount of indebtedness of a municipality shall not exceed 5% of the equalized valuation of the taxable property in the municipality. The City's legal debt limit and unused borrowing capacity at December 31, 2013 were computed as follows:

Equalized Valuation (Certified August 2013)	<u>\$ 1,463,092,700</u>
Legal Debt Capacity (5% of Equalized Value)	\$ 73,154,635
Total General Obligation Debt Subject to Limitation	<u>13,018,986</u>
Unused Borrowing Capacity at 12/31/2013	<u>\$ 60,135,649</u>

**Current Year Borrowing**

On October 9, 2013, the City issued Series 2013A General Obligation Corporate Purpose Bonds for \$3,490,000. The bonds bear interest at 3.00% to 4.00% and they mature October 1, 2033. These bonds were issued to finance 2013 and 2014 street, police, and parks capital projects.

On October 9, 2013, the City issued Series 2013B General Obligation Promissory Notes for \$2,860,000. The notes bear interest at 2.00% to 2.75% and they mature October 1, 2023. These notes were issued to finance 2013 and 2014 capital expenditures and equipment purchases. In addition, a portion of the proceeds was used to current refund the Series 2007A Notes. The transaction resulted in an economic gain of \$69,788 and future debt service gain of \$74,326.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Mortgage Revenue Bonds**

**Repayment Requirements.** Outstanding mortgage revenue bonds totaled \$1,216,870 at December 31, 2013. The City's full faith and credit do not back the mortgage revenue bonds which are instead backed only by the assets and revenues of the issuing enterprise funds. Outstanding mortgage revenue bonds at December 31, 2013 and annual requirements for their retirement at that date are shown below:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Sewer Utility:				
Revenue Bonds dated 11/15/95, \$1,682,740, due 5/1/15, interest at 3.173% (Clean Water Fund loan - biosolids facility)	2014	\$ 113,071	\$ 5,495	\$ 118,566
	2015	116,659	1,851	118,510
		<u>229,730</u>	<u>7,346</u>	<u>237,076</u>
Revenue Bonds dated 10/28/98, \$4,482,500 authorized, \$4,109,172 issued through 12/31/00, due 5/1/18, interest at 2.851% (Clean Water Fund loan - treatment plant)	2014	186,487	25,485	211,972
	2015	191,804	20,092	211,896
	2016	197,272	14,546	211,818
	2017	202,896	8,842	211,738
	2018	208,681	2,975	211,656
		<u>987,140</u>	<u>71,940</u>	<u>1,059,080</u>
Total Mortgage Revenue Bonds		<u>\$ 1,216,870</u>	<u>\$ 79,286</u>	<u>\$ 1,296,156</u>

The City authorized the issuance of \$1,682,740 of revenue bonds in 1995 to provide funding for its share of costs associated with the construction of the West Central Wisconsin Biosolids Facility (hereafter Facility). These funds were paid directly to the Facility to fund construction costs. Principal is payable annually on May 1 through the year 2015 and interest is payable semiannually on May 1 and November 1 at an annual rate of 3.173%. Principal and interest installments are being paid directly by the Facility. Accordingly, receivables have been recorded in the City's sewer utility enterprise fund equal to the outstanding revenue bonds and related accrued interest at year end which totaled \$230,944 (see also Note 4.D).

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Mortgage Revenue Bonds (Continued)**

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

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

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

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

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

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

In addition to the reserve account, the City had a balance of \$153,556 in the depreciation account at December 31, 2013. During 2000, the City passed a resolution to finance all debt service of the sewer utility (not specifically funded by other sources) from the future facility account maintained in the utility. All sewer hook-up fees received by the utility are set aside into this account. The account is to be jointly used to fund debt service of the utility and provide funding for future plant expansion and replacement. The balance of the account at December 31, 2013 was \$4,697,164, of which \$190,000 was restricted for funding the redemption account.

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Governmental Fund Balances**

The governmental fund balances reported on the fund financial statements at December 31, 2013 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
<b>Major Funds:</b>						
General Fund	\$ 3,852,970	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Taxes	-	9,858	-	-	-	-
Prepayments	-	35,841	-	-	-	-
Advances to Other Funds	-	189,092	-	-	-	-
Unused Tourism Dollars	-	-	30,110	-	-	-
Police Equipment	-	-	-	-	29,961	-
Fire Equipment	-	-	-	-	43,442	-
Energy Savings	-	-	-	-	6,868	-
Room Tax	-	-	-	-	57,259	-
BOGO Tree Funds	-	-	-	-	2,870	-
Health Insurance Reserve	-	-	-	-	110,757	-
Unassigned	-	-	-	-	-	3,336,912
Impact Fees Fund	2,922,820	-	2,922,820	-	-	-
Debt Service Fund	118,575	-	118,575	-	-	-
Capital Projects Fund	4,844,110	-	3,533,440	1,310,670	-	-
<b>Nonmajor Funds:</b>						
<b>Special Revenue Funds:</b>						
Sewer Collection System						
Replacement Fund	859,356	-	-	859,356	-	-
Stormwater Fund	383,104	-	383,104	-	-	-
Parks Dedication Fees Fund	405,608	-	405,608	-	-	-
Police Donations Fund	17,130	-	17,130	-	-	-
Storm Fund	155,827	-	-	-	155,827	-
Police Drug Forfeitures Fund	733	-	733	-	-	-
Business Park Revolving Loan Fund	488,007	-	488,007	-	-	-
Total Governmental Fund Balances at December 31, 2013	<u>\$ 14,048,240</u>	<u>\$ 234,791</u>	<u>\$ 7,899,527</u>	<u>\$ 2,170,026</u>	<u>\$ 406,984</u>	<u>\$ 3,336,912</u>

**G. Business Park Revolving Loan Fund**

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

The \$425,000 was recorded in a separate special revenue fund by the City. Loans outstanding at December 31, 2013 totaled \$34,363. The outstanding balances on the loans are shown as long-term receivables in the business park revolving loan special revenue fund and are equally offset by a deferred inflow. The balance in the fund at December 31, 2013 totaled \$488,007.

**CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**NOTE 4 OTHER INFORMATION**

**A. Employee Retirement Plan**

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

Prior to June 29, 2011, the employee required contribution to the plan could be made by the employer on behalf of the employee. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits. Effective the first day of the pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers and Executives and Elected Officials. The employer may not pay the employee required contribution unless provided for in an existing collective bargaining agreement.

Contribution rates for 2013 are summarized below:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	11.65%
Protective without Social Security	6.65%	14.25%

The payroll for City employees covered by the WRS for the year ended December 31, 2013 was \$4,649,085; the employer's total payroll was \$4,888,478. The total required contribution for the year ended December 31, 2013 was \$691,225 which consisted of \$381,995, or 8.22% of payroll from the employer and \$309,230 or 6.65% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$613,129 and \$612,161, respectively, equal to the required contributions for each year.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Employee Retirement Plan (Continued)**

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employees' three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

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

**B. Employee Leave Liabilities**

**Vacation.** City employees are granted vacation in varying amounts based on length of service. Vacation earned in one calendar year is available for use on January 1 of the subsequent year. Unrecorded vacation accruals generally do not exceed the amount earned for one year. An employee may, with the employer's written permission, carry over unused vacation credit (limited, depending on department) to the first six months of the following year. The estimated liabilities for accumulated vacation leave at December 31, 2013 were \$278,253 for governmental funds, \$104,180 for enterprise funds, \$23,406 for the Joint Library component unit, and \$6,627 for the Community Access Board component unit.

**Compensatory Time.** It is the City's policy that police employees may accumulate compensatory time. Two librarians are also allowed to accumulate compensatory time. Accumulated compensatory time payable at December 31, 2013 totaled \$46,671. This amount includes \$45,482 reflected as a liability in the government-wide financial statements for governmental activities and \$1,189 reflected in the Joint Library component unit.

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan**

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

**Plan Description**

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

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

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

**Funding Policy**

The City funds its OPEB obligation on a pay as you go basis (PAYGO). For fiscal year 2013, the City contributed an estimated \$24,415 to the plan under this basis.

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual Required Contribution	\$ 186,213
Interest on Net OPEB Obligation	20,266
Adjustment to Annual Required Contribution	<u>(27,901)</u>
Annual OPEB Cost (Expense)	178,578
Employer Contributions under PAYGO Basis	<u>(24,415)</u>
Increase in Net OPEB Obligation	154,163
Net OPEB Obligation - Beginning of Year	<u>450,361</u>
Net OPEB Obligation - End of Year	604,524
Less Amount Allocated to Component Units	<u>(32,023)</u>
Net OPEB Obligation - End of Year - Primary Government	<u><u>\$ 572,501</u></u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 178,578	\$ 24,415	13.7%	\$ 604,524
12/31/2012	180,976	39,509	21.8	450,361
12/31/2011	134,823	75,159	55.7	308,894

**Funded Status and Funding Progress**

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

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

**Actuarial Methods and Assumptions**

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

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% interest discount rate and salary increases of 3.0%. The initial healthcare trend rate was 8% in 2012 grading to 5.0% over six years. The UAAL amortization period remaining at December 31, 2013 is less than 30 years.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Participation in Biosolids Facility**

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

Pursuant to an agreement establishing the City's participation in the Facility, the City was required to provide initial funding for its share of the start-up and construction costs of the Facility. Accordingly, the City authorized the issuance of \$1,682,740 of mortgage revenue bonds to the State of Wisconsin under the Clean Water Fund Financial Assistance Program and procured a grant from the Wisconsin Department of Administration to fund its share of the costs. Proceeds of the debt and of the grant relating to this project were remitted to the Facility. The Facility is directly funding repayment of the debt and is recovering the costs thereof through its user charges. The Facility is also amortizing the grant proceeds over the same term as the debt and reducing the City's annual user charges by the amount of such amortization. The amount of the unrefunded debt, together with accrued interest, and the uncredited grant proceeds remitted to the Facility are recorded as long-term receivables in the City's sewer utility enterprise fund. Total amounts recorded as receivables at December 31, 2013 relating to the mortgage revenue bonds and the grant were \$230,944 and \$63,476, respectively. The receivable relating to the revenue bonds consisted of the outstanding debt of \$229,729 (of which \$113,071 was classified as current) plus accrued interest of \$1,215. The receivable for the uncredited grant proceeds is equally offset by unearned revenue. Credits applied by the Facility relating to the grant will be offset against the utility's operating costs associated with the City's participation in the Facility.

**E. Landfill Postclosure Care Costs**

**City-Owned Site.** The City is responsible for postclosure care costs relating to a landfill site owned by the City. The landfill was closed in prior years and a cover and monitoring wells were installed in 1992. Future postclosure care costs currently consist solely of monitoring emissions from the site wells and the water quality of identified adjacent property owners' wells. The Wisconsin Department of Natural Resources did not stipulate a specific future timeframe for the required monitoring and, accordingly, no liability has been recorded for these ongoing costs in the government-wide financial statements. Total expenditures during 2013 were \$5,284. Future annual expenditures are expected to be similar to current year expenditures.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Discretely Presented Component Units**

**Joint Library**

Capital assets activity for the Joint Library for the year ended December 31, 2013, was as follows:

	Beginning Balance	Restatement	Restated Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:						
Buildings and Improvements	\$ -	\$ 523,386	\$ 523,386	\$ -	\$ -	\$ 523,386
Machinery and Equipment	-	592,416	592,416	78,444	50,069	620,791
Total Capital Assets	-	1,115,802	1,115,802	78,444	50,069	1,144,177
Accumulated Depreciation:						
Buildings and Improvements	-	50,503	50,503	20,371	-	70,874
Machinery and Equipment	-	43,591	43,591	67,505	50,069	61,027
Total Accumulated Depreciation	-	94,094	94,094	87,876	50,069	131,901
Net Capital Assets - Joint Library	\$ -	\$ 1,021,708	\$ 1,021,708	\$ (9,432)	\$ -	\$ 1,012,276

Depreciation expense charged to the Joint Library was \$87,876.

The long-term obligations activity for the Joint Library component unit for the year ended December 31, 2013, was as follows:

	Balance 1/1/13	Restatement	Restated Balance 1/1/13	Additions	Reductions	Balance 12/31/13	Amounts Due Within One Year
Employee Leave Liability	\$ -	\$ 25,403	\$ 25,403	\$ -	\$ 808	\$ 24,595	\$ 24,595
Other Postemployment Benefits Payable	-	18,182	18,182	6,864	938	24,108	-
Total Long-Term Obligations	\$ -	\$ 43,585	\$ 43,585	\$ 6,864	\$ 1,746	\$ 48,703	\$ 24,595

**Community Access Board**

Capital assets activity for the Community Access Board for the year ended December 31, 2013, was as follows:

	Beginning Balance	Restatement	Restated Beginning Balance	Increases	Decreases	Ending Balance
Machinery and Equipment	\$ -	\$ 128,593	\$ 128,593	\$ 21,379	\$ 4,351	\$ 145,621
Accumulated Depreciation:	-	83,385	83,385	7,844	4,351	86,878
Net Capital Assets - Community Access Board	\$ -	\$ 45,208	\$ 45,208	\$ 13,535	\$ -	\$ 58,743

Depreciation expense charged to the Community Access Board was 7,844.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Discretely Presented Component Units (Continued)**

**Community Access Board (Continued)**

The long-term obligations activity for the Community Access Board component unit for the year ended December 31, 2013, was as follows:

	Balance 1/1/13	Restatement	Restated Balance 1/1/13	Additions	Reductions	Balance 12/31/13	Amounts Due Within One Year
Employee Leave Liability	\$ -	\$ 7,310	\$ 7,310	\$ -	\$ 683	\$ 6,627	\$ 6,627
Other Postemployment Benefits Payable	-	5,970	5,970	2,254	308	7,916	-
Total Long-Term Obligations	\$ -	\$ 13,280	\$ 13,280	\$ 2,254	\$ 991	\$ 14,543	\$ 6,627

**G. Commitments and Contingencies**

**Construction Contracts.** The City is committed to multiple contracts for storm sewer upgrades and street improvements. At December 31, 2013, the City's remaining commitment under these contracts is \$531,438.

**H. Risk Management and Litigation Matters**

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

**I. Change in Accounting Principle**

The City has adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment to GASB Statements No. 14 and No. 34*. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity, and it amends the criteria for reporting component units as if they were part of the primary government (blending) in certain circumstances. As a result of the adoption of this new standard, the City had a restatement to beginning net position as follows:

	Governmental Activities	Joint Library Component Unit	Community Access Board Component Unit
<b>Net Position:</b>			
Pre-Adoption Balance	\$ 49,373,978	\$ -	\$ -
Change	(2,041,610)	1,230,601	811,009
Post-Adoption Balance	\$ 47,332,368	\$ 1,230,601	\$ 811,009

**REQUIRED SUPPLEMENTARY INFORMATION**

## SCHEDULE 1

**CITY OF HUDSON, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 5,322,823	\$ 5,342,823	\$ 5,382,668	\$ 39,845
Intergovernmental	847,046	847,046	824,629	(22,417)
Licenses and Permits	232,705	232,705	329,215	96,510
Fines and Forfeits	126,700	126,700	106,399	(20,301)
Public Charges for Services	120,500	120,500	120,420	(80)
Intergovernmental Charges for Services	440,567	441,567	446,736	5,169
Miscellaneous:				
Interest	45,000	45,000	(135,577)	(180,577)
Rent	141,000	141,000	142,690	1,690
Other	17,000	17,000	71,661	54,661
Total Revenues	<u>7,293,341</u>	<u>7,314,341</u>	<u>7,288,841</u>	<u>(25,500)</u>
<b>EXPENDITURES:</b>				
General Government	1,537,727	1,492,824	1,430,473	62,351
Public Safety	3,779,027	3,842,317	3,751,324	90,993
Transportation Facilities	1,342,349	1,400,982	1,379,088	21,894
Sanitation	51,205	36,325	27,479	8,846
Health and Human Services	15,600	18,950	18,588	362
Culture, Recreation and Education	784,620	788,056	804,170	(16,114)
Conservation and Development	235,813	320,588	253,119	67,469
Total Expenditures	<u>7,746,341</u>	<u>7,900,042</u>	<u>7,664,241</u>	<u>235,801</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(453,000)</u>	<u>(585,701)</u>	<u>(375,400)</u>	<u>210,301</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of Property	2,000	2,000	4,067	2,067
Transfers In	451,000	451,000	481,876	30,876
Transfers Out	-	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	<u>453,000</u>	<u>303,000</u>	<u>335,943</u>	<u>32,943</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	<u>\$ -</u>	<u>\$ (282,701)</u>	<u>(39,457)</u>	<u>\$ 243,244</u>
Fund Balance, January 1			<u>3,892,427</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 3,852,970</u>	

See Notes to Required Supplementary Information

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

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2013**

**BUDGETARY INFORMATION**

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

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

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

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**CITY OF HUDSON, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2013**

	Special Revenue Funds						Total Nonmajor Governmental Funds	
	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Fund		Stormwater Fund
<b>ASSETS</b>								
Cash and Investments	\$ 859,356	\$ 405,608	\$ 17,180	\$ 733	\$ 486,098	\$ 102,154	\$ 309,340	\$ 2,180,469
Accounts Receivable	-	-	-	-	1,909	-	92,037	93,946
Due from Other Governments	-	-	-	-	-	92,955	-	92,955
Long-Term Receivables	-	-	-	-	34,363	-	-	34,363
<b>Total Assets</b>	<b>\$ 859,356</b>	<b>\$ 405,608</b>	<b>\$ 17,180</b>	<b>\$ 733</b>	<b>\$ 522,370</b>	<b>\$ 195,109</b>	<b>\$ 401,377</b>	<b>\$ 2,401,733</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Vouchers and Accounts Payable	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 39,282	\$ 18,196	\$ 57,528
Accrued Wages	-	-	-	-	-	-	77	77
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>39,282</b>	<b>18,273</b>	<b>57,605</b>
<b>Deferred Inflows of Resources:</b>								
Unavailable Revenues - Loans Receivable	-	-	-	-	34,363	-	-	34,363
<b>Fund Balances:</b>								
Restricted	-	405,608	17,130	733	488,007	-	383,104	1,294,582
Committed	859,356	-	-	-	-	-	-	859,356
Assigned	-	-	-	-	-	155,827	-	155,827
<b>Total Fund Balances</b>	<b>859,356</b>	<b>405,608</b>	<b>17,130</b>	<b>733</b>	<b>488,007</b>	<b>155,827</b>	<b>383,104</b>	<b>2,309,765</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 859,356</b>	<b>\$ 405,608</b>	<b>\$ 17,180</b>	<b>\$ 733</b>	<b>\$ 522,370</b>	<b>\$ 195,109</b>	<b>\$ 401,377</b>	<b>\$ 2,401,733</b>

**CITY OF HUDSON, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2013**

	Special Revenue Funds						Total Nonmajor Governmental Funds	
	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Fund		Stormwater Fund
<b>REVENUES:</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,955	\$ -	\$ 92,955
Public Charges for Services	56,542	-	-	-	-	-	299,992	356,534
Miscellaneous:								
Allocated Investment Earnings	(17,449)	(7,404)	(309)	(15)	(9,951)	(1,085)	(4,628)	(40,841)
Loan Repayments - Interest	-	-	-	-	1,905	-	-	1,905
Loan Repayments - Principal	-	-	-	-	21,011	-	-	21,011
Other	-	115,364	6,379	-	-	47,982	-	169,725
<b>Total Revenues</b>	<b>39,093</b>	<b>107,960</b>	<b>6,070</b>	<b>(15)</b>	<b>12,965</b>	<b>139,852</b>	<b>295,364</b>	<b>601,289</b>
<b>EXPENDITURES:</b>								
Public Safety	-	-	1,415	-	-	6,176	-	7,591
Transportation Facilities	-	-	-	-	-	100,130	141,062	241,192
Culture, Recreation and Education	-	17,259	-	-	-	27,719	-	44,978
Conservation and Development	-	-	-	-	1,560	-	-	1,560
<b>Total Expenditures</b>	<b>-</b>	<b>17,259</b>	<b>1,415</b>	<b>-</b>	<b>1,560</b>	<b>134,025</b>	<b>141,062</b>	<b>295,321</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>39,093</b>	<b>90,701</b>	<b>4,655</b>	<b>(15)</b>	<b>11,405</b>	<b>5,827</b>	<b>154,302</b>	<b>305,968</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	-	-	-	-	-	150,000	-	150,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>39,093</b>	<b>90,701</b>	<b>4,655</b>	<b>(15)</b>	<b>11,405</b>	<b>155,827</b>	<b>154,302</b>	<b>455,968</b>
Fund Balances, January 1	820,263	314,907	12,475	748	476,602	-	228,802	1,853,797
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 859,356</b>	<b>\$ 405,608</b>	<b>\$ 17,130</b>	<b>\$ 733</b>	<b>\$ 488,007</b>	<b>\$ 155,827</b>	<b>\$ 383,104</b>	<b>\$ 2,309,765</b>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED BALANCE SHEET  
DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012)**

	2013	2012
<b>ASSETS</b>		
Treasurer's Cash and Investments	\$ 4,606,984	\$ 4,500,554
Petty Cash	900	900
Current Taxes Receivable	4,828,236	4,741,631
Delinquent Personal Property Taxes	9,858	5,129
Accounts Receivable	77,029	56,501
Due from Other Governmental Units	44,502	36,726
Advances to Other Funds	189,092	243,975
Prepayments	35,841	40,420
	\$ 9,792,442	\$ 9,625,836
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Vouchers and Accounts Payable	\$ 178,666	\$ 256,896
Payroll Withholdings	55,289	43,391
Accrued Wages	146,803	110,411
Due to Other Governmental Units	15,204	12,572
Special Deposits	132,855	132,316
Total Liabilities	528,817	555,586
<b>Deferred Inflows of Resources:</b>		
Subsequent Year's Property Taxes	5,410,355	5,177,823
Unavailable Revenues - Other	300	-
Total Deferred Inflows of Resources	5,410,655	5,177,823
<b>Fund Balance:</b>		
Nonspendable		
Delinquent Taxes	9,858	5,129
Prepayments	35,841	40,420
Advances to Other Funds	189,092	243,975
Restricted	30,110	23,648
Assigned	251,157	78,705
Unassigned	3,336,912	3,500,550
Total Fund Balance	3,852,970	3,892,427
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 9,792,442	\$ 9,625,836

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2013**

	Balance 1/1/13	Revenues/Other Sources			Net Transfers From (To) General Fund	Total Available	Expenditures/ Transfers to Other Funds	Balance 12/31/13
		Tax Levy	Interest	Other				
<b>Nonspendable:</b>								
Delinquent Taxes	\$ 5,129	\$ -	\$ -	\$ -	\$ 4,729	\$ 9,858	\$ -	\$ 9,858
Advances to Other Funds	243,975	-	-	-	(54,883)	189,092	-	189,092
Prepayments	40,420	-	-	-	(4,579)	35,841	-	35,841
<b>Total Nonspendable</b>	<b>\$ 289,524</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (54,733)</b>	<b>\$ 234,791</b>	<b>\$ -</b>	<b>\$ 234,791</b>
<b>Restricted:</b>								
Unused Tourism Dollars	\$ 23,648	\$ -	\$ -	\$ 165,304	\$ -	\$ 188,952	\$ 158,842	\$ 30,110
<b>Assigned:</b>								
Police Equipment	\$ 22,375	\$ -	\$ 207	\$ 7,379	\$ -	\$ 29,961	\$ -	\$ 29,961
Fire Equipment	53,384	-	420	938	-	54,742	11,300	43,442
Health Insurance	-	-	757	-	110,000	110,757	-	110,757
Energy Savings	-	-	47	6,821	-	6,868	-	6,868
Room Tax	-	-	109	171,589	23,444	195,142	137,883	57,259
BOGO Tree Funds	2,946	-	24	20	-	2,990	120	2,870
<b>Total Assigned</b>	<b>\$ 78,705</b>	<b>\$ -</b>	<b>\$ 1,564</b>	<b>\$ 186,747</b>	<b>\$ 133,444</b>	<b>\$ 400,460</b>	<b>\$ 149,303</b>	<b>\$ 251,157</b>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	2013		Variance - Positive (Negative)	2012 Actual
	Final Budget	Actual		
<b>REVENUES:</b>				
<b>Taxes:</b>				
General Property Taxes	\$ 5,177,823	\$ 5,177,823	\$ -	\$ 5,163,667
Room Tax	155,000	191,762	36,762	165,303
Payment in Lieu of Taxes:				
Housing Authority	10,000	10,000	-	10,000
Other Taxes	-	1,620	1,620	1,368
Interest and Penalties on Taxes	-	1,463	1,463	1,100
Total Taxes	<u>5,342,823</u>	<u>5,382,668</u>	<u>39,845</u>	<u>5,341,438</u>
<b>Intergovernmental:</b>				
Federal Public Safety	-	548	548	-
State Shared Taxes	168,446	168,234	(212)	168,760
State Aid for Exempt Computers	27,000	27,875	875	27,522
State Fire Insurance Tax	47,500	46,760	(740)	47,586
State Aid for Police Training	7,000	5,480	(1,520)	4,460
State Transportation Aids	574,350	573,026	(1,324)	593,665
Payment for Municipal Services	750	743	(7)	794
County Recycling Grant	17,000	-	(17,000)	14,627
Other Intergovernmental Aids	5,000	1,963	(3,037)	9,494
Total Intergovernmental	<u>847,046</u>	<u>824,629</u>	<u>(22,417)</u>	<u>866,908</u>
<b>Licenses and Permits:</b>				
<b>Business and Occupational Licenses:</b>				
Liquor and Malt Beverage	27,000	19,045	(7,955)	37,822
Other	12,705	15,484	2,779	13,973
Dog Licenses (Including County Refund)	4,800	4,092	(708)	3,514
Cat Licenses	800	595	(205)	670
Building Permits	180,000	270,999	90,999	306,405
Other Permits	4,650	7,565	2,915	6,950
Filing Fees	2,750	11,435	8,685	3,197
Total Licenses and Permits	<u>232,705</u>	<u>329,215</u>	<u>96,510</u>	<u>372,531</u>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND**

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	2013		Variance - Positive (Negative)	2012 Actual
	Final Budget	Actual		
<b>REVENUES: (CONTINUED)</b>				
<b>Fines and Forfeits:</b>				
Court Penalties and Costs	\$ 125,000	\$ 104,074	\$ (20,926)	\$ 100,723
County Court/Miscellaneous	1,700	2,325	625	1,977
Total Fines and Forfeits	<u>126,700</u>	<u>106,399</u>	<u>(20,301)</u>	<u>102,700</u>
<b>Public Charges for Services:</b>				
General Government:				
License Publication Fees	300	18	(282)	161
Maps, Copies and Photos	1,700	1,661	(39)	1,766
Tax Exempt Property Fees	-	-	-	250
Assessment Search Fees	8,000	7,450	(550)	7,925
Administration Charge to Business Park	12,500	12,380	(120)	9,314
Public Safety:				
Police Special OT	1,000	(352)	(1,352)	84
Public Education Fees	-	755	755	355
Casual Call Reimbursement	1,000	6,221	5,221	598
Public Works:				
Maintenance Charges	1,000	1,092	92	5,745
Weed and Nuisance Charges	4,000	2,432	(1,568)	4,199
Culture, Recreation and Education:				
Parks and Recreation	23,000	31,107	8,107	34,199
Boat Launching	52,000	42,482	(9,518)	51,125
Sail Boat Mooring	16,000	15,174	(826)	15,246
Total Public Charges for Services	<u>120,500</u>	<u>120,420</u>	<u>(80)</u>	<u>130,967</u>
<b>Intergovernmental Charges for Services:</b>				
Other Local Governments:				
Fire Protection - Contracts	339,167	339,174	7	352,699
School Liaison Officer - School Share	80,000	81,014	1,014	72,561
Police Labor Reimbursement	1,000	4,394	3,394	797
Elections	-	-	-	872
Other Charges	-	614	614	-
Local Departments/Funds:				
Library - Administrative Charge	13,000	13,140	140	13,140
Cable TV Administrative Charge	8,400	8,400	-	8,400
Total Intergovernmental Charges for Services	<u>441,567</u>	<u>446,736</u>	<u>5,169</u>	<u>448,469</u>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	2013		Variance - Positive (Negative)	2012 Actual
	Final Budget	Actual		
<b>REVENUES: (CONTINUED)</b>				
<b>Miscellaneous:</b>				
Interest on Investments	\$ 45,000	\$ (135,577)	\$ (180,577)	\$ 37,283
MB Occupancy Costs	128,000	129,520	1,520	126,608
Rent of City Buildings and Property	8,000	7,350	(650)	7,500
Rent Charge to Ambulance Utility	5,000	5,820	820	5,820
Insurance Reimbursements	7,000	21,042	14,042	5,687
Donations	-	1,626	1,626	3,214
Other Refunds and Reimbursements	10,000	48,993	38,993	7,350
Total Miscellaneous	<u>203,000</u>	<u>78,774</u>	<u>(124,226)</u>	<u>193,462</u>
Total Revenues	<u>7,314,341</u>	<u>7,288,841</u>	<u>(25,500)</u>	<u>7,456,475</u>
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Mayor and Council	46,496	45,421	1,075	49,754
Mayor and Council Capital Outlay	6,379	6,311	68	-
Municipal Court	134,394	125,224	9,170	133,094
Municipal Court Capital Outlay	2,590	2,407	183	-
City Attorney/Other Legal	132,500	132,146	354	117,877
Clerk-Treasurer	321,336	298,028	23,308	305,765
Clerk-Treasurer Capital Outlay	-	-	-	1,122
Administrator	77,772	77,704	68	76,250
Labor Negotiator/Drug Test	16,950	17,099	(149)	19,585
Information Technology	138,975	138,590	385	129,397
Information Technology Capital Outlay	8,966	9,351	(385)	7,434
Elections	13,660	10,709	2,951	39,590
Assessment of Property	69,560	70,455	(895)	60,659
Insurance/Unallocated	200,041	199,692	349	162,201
City Hall	118,256	113,517	4,739	117,592
Municipal Building	191,428	178,186	13,242	186,584
Write Off Receivables/Taxes	-	1,001	(1,001)	-
Illegal Taxes and Refunds	-	2,511	(2,511)	1,950
Contingency/Special Projects	13,521	2,121	11,400	3,560
Total General Government	<u>1,492,824</u>	<u>1,430,473</u>	<u>62,351</u>	<u>1,412,414</u>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	2013		Variance - Positive (Negative)	2012 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Public Safety:</b>				
Police Administration	\$ 414,573	\$ 406,190	\$ 8,383	\$ 527,297
Police Patrol	2,024,212	2,028,754	(4,542)	1,935,990
Police Patrol Capital Outlay	70,000	59,999	10,001	33,156
Criminal Investigation	251,596	243,717	7,879	229,183
School Officer	117,124	116,413	711	107,124
Police and Fire Commission	2,700	2,080	620	1,790
Fire Department	430,420	417,461	12,959	413,650
Fire Department Capital Outlay	103,700	62,153	41,547	26,532
Fire Department Training	39,504	34,510	4,994	46,712
Fire Department Officers	33,529	32,774	755	33,079
Fire Deferred Compensation Wages	18,730	17,715	1,015	18,017
Fire Mechanic Wages	9,382	8,783	599	8,605
Fire Administration	21,987	21,692	295	29,757
Ambulance Subsidy	162,650	169,156	(6,506)	159,875
Building Inspection	125,769	114,482	11,287	114,329
Emergency Government - Sirens	15,416	14,443	973	3,522
Dams	1,025	1,002	23	1,231
Total Public Safety	3,842,317	3,751,324	90,993	3,689,849
<b>Transportation Facilities:</b>				
<b>Streets and Related Facilities:</b>				
Director of Public Works	133,983	137,736	(3,753)	134,991
Machinery and Equipment	171,635	166,959	4,676	206,858
Garage - Storage Sheds	31,795	28,732	3,063	30,995
Garage - Storage Sheds Capital Outlay	-	-	-	36,240
West Garage	9,600	9,269	331	3,368
Street Maintenance	773,051	757,063	15,988	575,376

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND**

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	2013		Variance - Positive (Negative)	2012 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Transportation Facilities: (Continued)</b>				
Streets and Related Facilities: (Continued)				
Street Maintenance Capital Outlay	\$ -	\$ -	\$ -	\$ 7,800
Highways 94 and 35	18,720	18,695	25	19,172
Street Lighting	183,192	181,517	1,675	181,239
Street Signs and Markings	52,052	52,106	(54)	36,042
Stop and Go Lights	25,657	23,678	1,979	24,435
Sidewalks and Crosswalks	2,150	2,136	14	1,571
Curb and Gutter	1,147	1,197	(50)	5,962
Storm Sewers	(2,000)	-	(2,000)	36,757
Total Transportation Facilities	<u>1,400,982</u>	<u>1,379,088</u>	<u>21,894</u>	<u>1,300,806</u>
<b>Sanitation:</b>				
Landfill	7,000	5,312	1,688	15,002
Weed Control	8,633	6,540	2,093	24,833
Recycling Coordinator	20,692	15,627	5,065	5,434
Total Sanitation	<u>36,325</u>	<u>27,479</u>	<u>8,846</u>	<u>45,269</u>
<b>Health and Human Services:</b>				
Sealer of Weights and Measures	6,000	6,000	-	6,000
Animal Control	12,950	12,588	362	10,914
Total Health and Human Services	<u>18,950</u>	<u>18,588</u>	<u>362</u>	<u>16,914</u>
<b>Culture, Recreation and Education:</b>				
Community Subsidies	154,700	175,306	(20,606)	157,783
Joint Library	281,174	281,174	-	278,910
Parks:				
Parks Administration	89,332	88,639	693	89,890
General Park Maintenance	180,306	179,970	336	239,748
Lakefront Park	39,071	36,689	2,382	36,913

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND**

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	2013		Variance - Positive (Negative)	2012 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Culture, Recreation and Education: (Continued)</b>				
Parks: (Continued)				
Grandview Park	\$ 43,173	\$ 42,392	\$ 781	\$ 44,017
Celebrations	300	-	300	1,059
Total Culture, Recreation and Education	<u>788,056</u>	<u>804,170</u>	<u>(16,114)</u>	<u>848,320</u>
<b>Conservation and Development:</b>				
Shade Tree Control	77,640	41,529	36,111	61,497
Community Development	191,948	190,901	1,047	190,157
Community Development Capital Outlay	51,000	20,689	30,311	1,045
Total Conservation and Development	<u>320,588</u>	<u>253,119</u>	<u>67,469</u>	<u>252,699</u>
Total Expenditures	<u>7,900,042</u>	<u>7,664,241</u>	<u>235,801</u>	<u>7,566,271</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(585,701)</u>	<u>(375,400)</u>	<u>210,301</u>	<u>(109,796)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of City Property	2,000	4,067	2,067	14,377
Transfers In:				
From Water Utility - Tax Equivalent	401,000	424,804	23,804	419,779
From Sewer Utility - Tax Equivalent	50,000	57,072	7,072	52,002
Transfers Out:				
To Special Revenue Funds	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>303,000</u>	<u>335,943</u>	<u>32,943</u>	<u>486,158</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (282,701)</u>	<u>(39,457)</u>	<u>\$ 243,244</u>	<u>376,362</u>
Fund Balance, January 1		<u>3,892,427</u>		<u>3,516,065</u>
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 3,852,970</u>		<u>\$ 3,892,427</u>

**CITY OF HUDSON, WISCONSIN  
PUBLIC WORKS CAPITAL PROJECTS FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BY PROJECT  
YEAR ENDED DECEMBER 31, 2013**

	2011 Capital Projects	2012 Capital Equipment	2012 Parks Projects	2012 Streets Projects	2012 Storm Water Projects	2013 Capital Projects
<b>REVENUES:</b>						
Reimbursements - Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements - Assessments Interest	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-	-
Allocated Investments Earnings	-	-	-	-	-	-
Other Miscellaneous Revenues	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>						
Construction/Capital Outlay	21,425	22,691	-	17,528	15,798	389,606
Debt Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>21,425</u>	<u>22,691</u>	<u>-</u>	<u>17,528</u>	<u>15,798</u>	<u>389,606</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(21,425)</u>	<u>(22,691)</u>	<u>-</u>	<u>(17,528)</u>	<u>(15,798)</u>	<u>(389,606)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Long-Term Debt Issued	-	-	-	-	-	-
Allocation of Balances	(10,720)	(5,334)	-	(71,324)	150	526,692
Debt Premium	-	-	-	-	-	-
Transfer from Impact Fees Fund	-	-	-	-	-	-
Transfer from Debt Service	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(10,720)</u>	<u>(5,334)</u>	<u>-</u>	<u>(71,324)</u>	<u>150</u>	<u>526,692</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(32,145)</u>	<u>(28,025)</u>	<u>-</u>	<u>(88,852)</u>	<u>(15,648)</u>	<u>137,086</u>
Project Balance, January 1	42,002	28,025	12,526	134,717	25,660	-
<b>PROJECT BALANCE, DECEMBER 31</b>	<u>\$ 9,857</u>	<u>\$ -</u>	<u>\$ 12,526</u>	<u>\$ 45,865</u>	<u>\$ 10,012</u>	<u>\$ 137,086</u>
<b>COMPONENTS OF PROJECT BALANCE:</b>						
Allocated Treasurer's Cash	\$ 9,857	\$ -	\$ 12,526	\$ 50,725	\$ 10,012	\$ 144,580
Accounts Receivable	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Vouchers Payable YE Check Runs	-	-	-	(4,860)	-	(7,494)
Project Balances December 31, 2013	<u>\$ 9,857</u>	<u>\$ -</u>	<u>\$ 12,526</u>	<u>\$ 45,865</u>	<u>\$ 10,012</u>	<u>\$ 137,086</u>

**CITY OF HUDSON, WISCONSIN  
PUBLIC WORKS CAPITAL PROJECTS FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BY PROJECT (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013**

	2013 Parks Projects	2013 Equipment	2013 Streets	2013 Storm Water	Public Works Equipment Replacement	Unfunded/ Residual Projects	Total
<b>REVENUES:</b>							
Reimbursements - Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,178	\$ 22,178
Reimbursements - Assessments Interest	-	-	-	-	-	2,513	2,513
Sale of Fixed Assets	-	-	-	-	22,933	-	22,933
Allocated Investments Earnings	-	-	-	-	110	(78,366)	(78,256)
Other Miscellaneous Revenues	-	-	-	-	-	743	743
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,043</b>	<b>(52,932)</b>	<b>(29,889)</b>
<b>EXPENDITURES:</b>							
Construction/Capital Outlay	6,382	208,149	1,182,659	32,323	-	-	1,896,561
Debt Issuance Costs	-	-	-	-	-	114,424	114,424
<b>Total Expenditures</b>	<b>6,382</b>	<b>208,149</b>	<b>1,182,659</b>	<b>32,323</b>	<b>-</b>	<b>114,424</b>	<b>2,010,985</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,382)</b>	<b>(208,149)</b>	<b>(1,182,659)</b>	<b>(32,323)</b>	<b>23,043</b>	<b>(167,356)</b>	<b>(2,040,874)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Long-Term Debt Issued	-	-	-	-	-	5,430,000	5,430,000
Allocation of Balances	35,382	436,402	2,336,223	200,000	101	(3,447,572)	-
Debt Premium	-	-	-	-	-	65,299	65,299
Transfer from Impact Fees Fund	-	-	-	-	-	76,451	76,451
Transfer from Debt Service	-	-	-	-	-	14,944	14,944
<b>Total Other Financing Sources (Uses)</b>	<b>35,382</b>	<b>436,402</b>	<b>2,336,223</b>	<b>200,000</b>	<b>101</b>	<b>2,139,122</b>	<b>5,586,694</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>29,000</b>	<b>228,253</b>	<b>1,153,564</b>	<b>167,677</b>	<b>23,144</b>	<b>1,971,766</b>	<b>3,545,820</b>
Project Balance, January 1	-	-	-	-	-	1,055,360	1,298,290
<b>PROJECT BALANCE, DECEMBER 31</b>	<b>\$ 29,000</b>	<b>\$ 228,253</b>	<b>\$ 1,153,564</b>	<b>\$ 167,677</b>	<b>\$ 23,144</b>	<b>\$ 3,027,126</b>	<b>\$ 4,844,110</b>
<b>COMPONENTS OF PROJECT BALANCE:</b>							
Allocated Treasurer's Cash	\$ 29,000	\$ 269,790	\$ 1,307,980	\$ 172,788	\$ 23,144	\$ 2,991,486	\$ 5,021,888
Accounts Receivable	-	-	-	-	-	19,130	19,130
Due From Other Governments	-	-	-	-	-	17,770	17,770
Vouchers Payable YE Check Runs	-	(41,537)	(154,416)	(5,111)	-	(1,260)	(214,678)
<b>Project Balances December 31, 2013</b>	<b>\$ 29,000</b>	<b>\$ 228,253</b>	<b>\$ 1,153,564</b>	<b>\$ 167,677</b>	<b>\$ 23,144</b>	<b>\$ 3,027,126</b>	<b>\$ 4,844,110</b>

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012)**

	2013	2012
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ 6,953,216	\$ 6,541,046
Future Facilities Account	95,105	94,344
Customer Accounts Receivable	618,199	577,324
Accounts Receivable on Tax Roll	80,448	103,535
Other Accounts Receivable	25,654	77,192
Due from Other Governmental Units	36,353	34,382
Inventories	31,269	31,075
Total Current Assets	7,840,244	7,458,898
<b>Restricted Assets:</b>		
Cash and Investments:		
Carmichael Impact Assessments	780,614	584,564
<b>Capital Assets:</b>		
Utility Plant in Service	31,297,578	30,840,710
Less Accumulated Depreciation	10,494,849	9,784,013
Net Utility Plant in Service	20,802,729	21,056,697
Construction Work in Progress	961,490	943,894
Total Capital Assets	21,764,219	22,000,591
Total Assets	\$ 30,385,077	\$ 30,044,053
<b>LIABILITIES</b>		
<b>Current Liabilities Payable from Current Assets:</b>		
Vouchers and Accounts Payable	\$ 31,266	\$ 46,493
Due Other Governmental Units	15,929	13,967
Security Deposits	38,268	51,511
Accrued Employee Liabilities	59,327	61,086
Accrued Wages	26,568	22,324
Unearned Revenue	4,007	-
Total Current Liabilities Payable From Current Assets	175,365	195,381
Current Assets		
<b>Long-Term Liabilities (Net of Current Portion):</b>		
Other Postemployment Benefits Payable	65,235	49,824
Total Liabilities	240,600	245,205
<b>NET POSITION</b>		
Net Investment in Capital Assets	21,764,219	22,000,591
Restricted for Impact Assessments	780,614	584,564
Unrestricted	7,599,644	7,213,693
Total Net Position	30,144,477	29,798,848
Total Liabilities and Net Position	\$ 30,385,077	\$ 30,044,053

**CITY OF HUDSON, WISCONSIN**  
**WATER UTILITY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2013**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)

	2013	2012
<b>OPERATING REVENUES:</b>		
Sales of Water:		
Residential	\$ 1,006,429	\$ 1,057,176
Commercial	390,690	475,066
Industrial	19,981	23,637
Public Authorities	46,644	45,240
Metered Sales to Temporary Customers	22,102	42,043
Public Fire Protection	684,831	677,660
Private Fire Protection	135,828	131,741
Total Sales of Water	2,306,505	2,452,563
Other Operating Revenues:		
Forfeited Discounts	44,744	30,690
Tower Leasing	243,501	225,184
Meter Charge to Sewer	155,136	142,084
Other Operating Revenues	25,134	16,905
Total Other Operating Revenues	468,515	414,863
Total Operating Revenues	2,775,020	2,867,426
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance	1,621,238	1,579,468
Depreciation	727,215	750,792
Total Operating Expenses	2,348,453	2,330,260
<b>OPERATING INCOME</b>	426,567	537,166
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	(156,297)	49,694
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	270,270	586,860
<b>CAPITAL CONTRIBUTIONS:</b>		
Plant Contributed by Developers	233,815	238,140
Impact Fees Applied	266,348	531,581
Total Capital Contributions	500,163	769,721
<b>TRANSFERS:</b>		
Transfer to General Fund	(424,804)	(419,779)
<b>CHANGE IN NET POSITION</b>	345,629	936,802
Net Position, January 1	29,798,848	28,862,046
<b>NET POSITION, DECEMBER 31</b>	\$ 30,144,477	\$ 29,798,848

**CITY OF HUDSON, WISCONSIN  
 WATER UTILITY ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2013  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,957,596	\$ 1,985,684
Cash Received for Public Fire Protection	684,831	677,660
Cash Received for Sewer Share of Meter Related Expense	155,136	142,084
Cash Payments to Suppliers for Goods and Services	(744,001)	(692,298)
Cash Payments for Employee Services	(872,800)	(868,951)
Net Cash Provided by Operating Activities	1,180,762	1,244,179
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Payments for Tax Equivalents	(424,804)	(419,779)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(257,028)	(101,037)
Cash Payments for Removal of Capital Assets	-	(6,256)
Cash Received for Impact Fees	266,348	531,581
Net Cash Provided by Capital and Related Financing Activities	9,320	424,288
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	(156,297)	49,694
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	608,981	1,298,382
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	7,219,954	5,921,572
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 7,828,935	\$ 7,219,954

**CITY OF HUDSON, WISCONSIN  
 WATER UTILITY ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2013  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	2013	2012
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 426,567	\$ 537,166
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	727,215	750,792
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(40,875)	(17,118)
Accounts Receivable on Tax Roll	23,087	11,484
Other Accounts Receivable	51,538	(57,264)
Due from Other Governmental Units	(1,971)	(4,329)
Inventories	(194)	(1,366)
Increase (Decrease) in Liabilities:		
Accounts Payable	(15,227)	(3,029)
Special Deposits	(13,243)	5,229
Accrued Wages	4,244	293
Accrued Employee Benefits	13,652	22,766
Unearned Revenue	4,007	-
Due to Other Governmental Units	1,962	(445)
	<u>\$ 1,180,762</u>	<u>\$ 1,244,179</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 7,048,321	\$ 6,635,390
Cash and Investments - Restricted	780,614	584,564
	<u>\$ 7,828,935</u>	<u>\$ 7,219,954</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Capital Assets Financed by Customers and Developers	\$ 233,815	\$ 238,140

**CITY OF HUDSON, WISCONSIN**  
**WATER UTILITY ENTERPRISE FUND**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)

	2013	2012
<b>Pumping:</b>		
Salaries and Wages	\$ 75,154	\$ 77,579
Fringe Benefits	39,413	40,994
Power Purchased for Pumping	153,688	162,462
Operating Supplies	54,474	43,458
Maintenance of Structures and Improvements	109,567	12,700
Maintenance of Pumping Plant	3,273	58,638
Total Pumping	435,569	395,831
<b>Water Treatment:</b>		
Salaries and Wages	41,723	39,585
Fringe Benefits	22,389	21,436
Operating Supplies	6,759	7,274
Chemicals	25,735	36,972
Maintenance Supplies	1,318	4,888
Total Water Treatment	97,924	110,155
<b>Transmission and Distribution:</b>		
General Transmission and Distribution Expenses:		
Salaries and Wages	202,123	222,448
Fringe Benefits	98,984	102,993
Operating Supplies	4,897	8,006
Maintenance Supplies	161	-
Maintenance:		
Reservoirs and Towers:		
Salaries and Wages	79	558
Fringe Benefits	49	312
Other Expenses	6,300	14,186
Mains:		
Salaries and Wages	11	3,178
Fringe Benefits	301	1,697
Payment to North Hudson	106,576	88,747
Other Expenses	61,486	43,756
Services:		
Salaries and Wages	26	785
Fringe Benefits	108	253
Other Expenses	2,698	6,485

**CITY OF HUDSON, WISCONSIN**  
**WATER UTILITY ENTERPRISE FUND**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2013**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)

	<u>2013</u>	<u>2012</u>
<b>Transmission and Distribution (Continued):</b>		
Maintenance (Continued):		
Meters:		
Salaries and Wages	\$ 39,744	\$ 22,483
Fringe Benefits	18,146	12,797
Other Expenses	8,213	8,470
Hydrants:		
Salaries and Wages	7,906	5,582
Fringe Benefits	763	1,212
Other Expenses	-	5,131
Total Transmission and Distribution	<u>558,571</u>	<u>549,079</u>
<b>Meter Reading:</b>		
Salaries and Wages	10,117	8,273
Fringe Benefits	4,711	4,213
Other Expenses	1,733	2,702
Total Meter Reading	<u>16,561</u>	<u>15,188</u>
<b>Customer Accounting and Collection:</b>		
Salaries and Wages	24,090	20,144
Fringe Benefits	15,571	18,627
Other Expenses	9,252	10,925
Total Customer Accounting and Collection	<u>48,913</u>	<u>49,696</u>
<b>Administrative and General:</b>		
Salaries and Wages	195,729	194,017
Fringe Benefits	90,088	91,236
Office Supplies and Expenses	27,420	31,945
Outside Services Employed	51,715	56,510
Insurance (except transportation)	47,337	37,730
Rents	4,800	4,800
Miscellaneous General Expense	2,796	2,050
Transportation:		
Salaries and Wages	1,894	828
Fringe Benefits	1,577	780
Insurance	5,583	6,925
Other Expenses	28,609	26,931
Maintenance of General Plant	6,152	5,767
Total Administrative and General	<u>463,700</u>	<u>459,519</u>
<b>Total Operation and Maintenance Expenses</b>	<u>\$ 1,621,238</u>	<u>\$ 1,579,468</u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012)**

	2013	2012
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ 335,878	\$ 727,707
Future Facilities Account (Net of Debt Restriction)	4,507,164	5,108,618
Customer Accounts Receivable	395,704	402,724
Accounts Receivable on Tax Roll	67,870	80,933
Other Accounts Receivable	7,479	21,857
Due from Biosolids Facility:		
Current Portion of CWF Loan	113,071	109,593
Accrued Interest on CWF Loan	1,215	1,794
Due from Other Governmental Units	28,562	30,832
Total Current Assets	5,456,943	6,484,058
<b>Restricted Assets:</b>		
Cash and Investments:		
Revenue Bond Reserve Account	706	700
Revenue Bond Depreciation Account	153,556	152,327
Bond Redemption Account (from Future Facilities Account)	190,000	190,000
DNR Grant Replacement Account	1,803,722	1,731,771
Total Restricted Assets	2,147,984	2,074,798
<b>Capital Assets:</b>		
Construction Work in Progress	-	378,235
Utility Plant in Service	12,254,253	11,241,205
Less: Accumulated Depreciation	6,618,347	6,277,462
Net Capital Assets	5,635,906	5,341,978
<b>Other Assets:</b>		
Advance to Biosolids Facility:		
Clean Water Fund Loan (Less Current Portion)	116,658	229,729
Public Facilities Grant	63,476	104,152
Unamortized Debt Issuance Costs	-	355
Total Other Assets	180,134	334,236
<b>Total Assets</b>	<b>\$ 13,420,967</b>	<b>\$ 14,235,070</b>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012)**

	2013	2012
<b>LIABILITIES</b>		
<b>Current Liabilities Payable from Current Assets:</b>		
Vouchers and Accounts Payable	\$ 27,366	\$ 195,490
Construction Contracts Payable	-	14,508
Due to Other Governmental Units	22,732	49,680
Accrued Interest Payable	1,215	1,794
Accrued Employee Liabilities	35,622	32,197
Accrued Wages	19,793	16,319
Unearned Revenue	63,476	104,152
Current Portion of Long-Term Bonds	113,071	109,593
<b>Total Current Liabilities Payable From Current Assets</b>	<b>283,275</b>	<b>523,733</b>
<b>Current Liabilities Payable From Restricted Assets:</b>		
Accrued Interest Payable	4,691	5,552
Current Portion of Revenue Bonds	186,488	181,318
<b>Total Current Liabilities Payable From Restricted Assets</b>	<b>191,179</b>	<b>186,870</b>
<b>Long-Term Liabilities (Less Current Portion):</b>		
Other Postemployment Benefits Payable	33,705	22,146
Mortgage Revenue Bonds	917,311	1,216,869
<b>Total Long-Term Liabilities (Net of Current Portion):</b>	<b>951,016</b>	<b>1,239,015</b>
<b>Total Liabilities</b>	<b>1,425,470</b>	<b>1,949,618</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	4,648,765	4,173,520
Restricted for Debt Service	339,571	337,475
Restricted for Asset Replacement	1,803,722	1,731,771
Unrestricted	5,203,439	6,042,686
<b>Total Net Position</b>	<b>11,995,497</b>	<b>12,285,452</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 13,420,967</b>	<b>\$ 14,235,070</b>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES:</b>		
Charges for Services:		
Residential	\$ 1,156,568	\$ 888,083
Commercial	326,628	660,838
Industrial	16,646	19,439
Public Authority	39,013	44,649
Less Charges for City/Village Replacement Accounts	<u>(68,677)</u>	<u>(72,409)</u>
Net Charges for Services	1,470,178	1,540,600
Other:		
Forfeited Discounts	11,557	21,578
Dam Maintenance Charges	5,010	6,157
Other	<u>58,524</u>	<u>449</u>
Total Operating Revenues	<u>1,545,269</u>	<u>1,568,784</u>
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance	1,494,578	1,475,666
Depreciation	<u>340,885</u>	<u>260,438</u>
Total Operating Expenses	<u>1,835,463</u>	<u>1,736,104</u>
<b>OPERATING LOSS</b>	<u>(290,194)</u>	<u>(167,320)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	(153,892)	61,910
Interest on Advance to Biosolids Facility	9,028	12,452
Hook-up Fees:		
City	237,945	200,842
Village	2,900	-
Interest on Long-Term Debt	(38,315)	(46,879)
Net Amortization of Debt Discount and Expense	<u>(355)</u>	<u>(124)</u>
Total Nonoperating Revenues (Expenses)	<u>57,311</u>	<u>228,201</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(232,883)</u>	<u>60,881</u>
<b>TRANSFERS:</b>		
Transfer to General Fund	<u>(57,072)</u>	<u>(52,002)</u>
<b>CHANGE IN NET POSITION</b>	<u>(289,955)</u>	<u>8,879</u>
Net Position, January 1	<u>12,285,452</u>	<u>12,276,573</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 11,995,497</u>	<u>\$ 12,285,452</u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Utility Customers	\$ 1,643,397	\$ 1,643,024
Cash Received for Dam Maintenance	5,010	6,157
Cash Paid for City/Village Surcharges	(93,355)	(121,181)
Cash Paid for Sewer Share of Meter Related Expense	(156,344)	(142,084)
Cash Payments to Suppliers for Goods and Services	(809,339)	(531,502)
Cash Payments for Employee Services	<u>(678,561)</u>	<u>(654,793)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(89,192)</u>	<u>199,621</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Payments for Tax Equivalents	<u>(57,072)</u>	<u>(52,002)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(649,321)	(426,463)
Cash Received as Utility Hook-up Fees	240,845	200,842
Principal Paid on Long-Term Debt	(181,317)	(176,292)
Interest Paid on Long-Term Debt	<u>(30,148)</u>	<u>(35,265)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(619,941)</u>	<u>(437,178)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>(153,892)</u>	<u>61,910</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(920,097)	(227,649)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>7,911,123</u>	<u>8,138,772</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 6,991,026</u>	<u>\$ 7,911,123</u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	<u>2013</u>	<u>2012</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (290,194)	\$ (167,320)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	340,885	260,438
(Increase) Decrease in Assets:		
Customer Accounts Receivable	7,020	(4,825)
Accounts Receivable on Tax Roll	13,063	2,697
Other Accounts Receivable	14,378	10,116
Due from Other Governments	2,270	(1,846)
Increase (Decrease) in Liabilities:		
Accounts Payable	(168,124)	135,878
Accrued Wages	3,474	120
Due to Other Government Units	(26,948)	10,800
Accrued Employee Benefits	14,984	11,289
Due to Other Funds	-	(57,726)
	<u>          </u>	<u>          </u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (89,192)</u>	<u>\$ 199,621</u>
 <b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 4,843,042	\$ 5,836,325
Cash and Investments - Restricted	<u>2,147,984</u>	<u>2,074,798</u>
	<u>          </u>	<u>          </u>
Cash and Cash Equivalents	<u>\$ 6,991,026</u>	<u>\$ 7,911,123</u>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Utility Long-Term Debt Paid Directly by Biosolids Facility:		
Principal Repaid	\$ 109,593	\$ 106,223
Interest Paid	9,028	12,452

**CITY OF HUDSON, WISCONSIN**  
**SEWER UTILITY ENTERPRISE FUND**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)

	<u>2013</u>	<u>2012</u>
<b>Collection System:</b>		
Salaries and Related Costs	\$ 36,682	\$ 22,148
Supplies	13	1,006
Other Services and Charges	10,780	17,016
Total Collection System	<u>47,475</u>	<u>40,170</u>
<b>Wastewater Treatment Plant:</b>		
Salaries and Related Costs	441,913	434,656
Supplies	65,218	61,949
Biosolids Charges	322,888	386,004
Other Services and Charges	147,969	128,630
Total Wastewater Treatment Plant	<u>977,988</u>	<u>1,011,239</u>
<b>Lift Stations:</b>		
Salaries and Related Costs	33,334	31,917
Supplies	415	2,226
Other Services and Charges	19,483	14,222
Total Lift Stations	<u>53,232</u>	<u>48,365</u>
<b>Dams:</b>		
Salaries and Related Costs	4,506	5,714
Other Services and Charges	504	443
Total Dams	<u>5,010</u>	<u>6,157</u>
<b>Meter Reading:</b>		
Salaries and Related Costs	15,016	12,962
Supplies	6,121	5,412
Meter Use Charge Paid to Water Utility	156,344	142,084
Total Meter Reading	<u>177,481</u>	<u>160,458</u>
<b>Administrative and General:</b>		
Salaries and Related Costs	165,568	158,805
Supplies	2,910	2,439
Insurance	42,918	34,132
Other Services and Charges	21,996	13,901
Total Administrative and General	<u>233,392</u>	<u>209,277</u>
Total Operation and Maintenance Expenses	<u>\$ 1,494,578</u>	<u>\$ 1,475,666</u>

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012)**

	2013	2012
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ 376,137	\$ 283,540
Future Facilities	94,199	59,185
Accounts Receivable	682	1,060
Total Current Assets	471,018	343,785
<b>Capital Assets:</b>		
Utility Plant in Service	1,365,188	1,365,188
Less Accumulated Depreciation	336,792	311,744
Total Capital Assets	1,028,396	1,053,444
Total Assets	\$ 1,499,414	\$ 1,397,229
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Vouchers and Accounts Payable	\$ 3,836	\$ 1,668
Accrued Wages	1,774	1,493
Security Deposit	125	125
Total Current Liabilities	5,735	3,286
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,028,396	1,053,444
Unrestricted	465,283	340,499
Total Net Position	1,493,679	1,393,943
Total Liabilities and Net Position	\$ 1,499,414	\$ 1,397,229

**CITY OF HUDSON, WISCONSIN**  
**PARKING UTILITY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2013**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES:</b>		
Parking Meters	\$ 113,400	\$ 113,852
Parking Permits	10,171	10,171
Parking Tickets	84,513	65,632
Other	<u>3,939</u>	<u>1,737</u>
Total Operating Revenues	<u>212,023</u>	<u>191,392</u>
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
General Utility	75,122	65,992
Parking Lots	1,898	2,791
Meters	<u>1,825</u>	<u>132</u>
Total Operation and Maintenance	78,845	68,915
Depreciation	<u>25,048</u>	<u>25,684</u>
Total Operating Expenses	<u>103,893</u>	<u>94,599</u>
<b>OPERATING INCOME</b>	108,130	96,793
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>(8,394)</u>	<u>2,129</u>
<b>CHANGE IN NET POSITION</b>	99,736	98,922
Net Position, January 1	<u>1,393,943</u>	<u>1,295,021</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 1,493,679</u>	<u>\$ 1,393,943</u>

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 123,949	\$ 122,963
Cash Received from Parking Forfeitures	88,452	67,369
Cash Payments to Suppliers for Goods and Services	(22,957)	(19,394)
Cash Payments for Employee Services	(53,439)	(49,495)
Net Cash Provided by Operating Activities	<u>136,005</u>	<u>121,443</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>(8,394)</u>	<u>2,129</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	127,611	123,572
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>342,725</u>	<u>219,153</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 470,336</u>	<u>\$ 342,725</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 108,130	\$ 96,793
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	25,048	25,684
(Increase) Decrease in Assets:		
Accounts Receivable	378	(1,060)
Increase (Decrease) in Liabilities:		
Accounts Payable	2,168	22
Accrued Wages Payable	281	4
Net Cash Provided by Operating Activities	<u>\$ 136,005</u>	<u>\$ 121,443</u>

**CITY OF HUDSON, WISCONSIN  
AMBULANCE SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)

	2013	2012
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments		
Operations	\$ 487,088	\$ 395,663
Asset Replacement	25,883	16,722
Accounts Receivable:		
Customer/Patient	284,337	269,110
Allowance for Doubtful Accounts	(106,317)	(126,350)
Due From Other Governments	-	9,731
Total Current Assets	690,991	564,876
<b>Capital Assets:</b>		
Ambulance Equipment In Service	762,637	735,904
Less: Accumulated Depreciation	379,007	350,083
Net Capital Assets	383,630	385,821
 Total Assets	 \$ 1,074,621	 \$ 950,697
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Vouchers and Accounts Payable	\$ 21,792	\$ 36,469
Accrued Wages	16,585	12,448
Accrued Employee Liabilities	9,231	9,257
Advances from Other Funds	56,554	54,884
Unearned Revenue	6,486	7,242
Total Current Liabilities	110,648	120,300
<b>Long-Term Liabilities:</b>		
Advances from Other Funds (Net of Current Portion)	132,538	189,091
Other Postemployment Benefits	27,312	17,681
Total Long-Term Liabilities:	159,850	206,772
 Total Liabilities	 270,498	 327,072
<b>NET POSITION</b>		
Net Investment in Capital Assets	194,538	141,846
Unrestricted	609,585	481,779
Total Net Position	804,123	623,625
 Total Liabilities and Net Position	 \$ 1,074,621	 \$ 950,697

**CITY OF HUDSON, WISCONSIN**  
**AMBULANCE SERVICE ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2013**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)

	2013	2012
<b>OPERATING REVENUES:</b>		
Patient Revenue:		
Charges	\$ 1,909,015	\$ 1,760,248
Less Adjustments	(742,773)	(716,855)
Intergovernmental:		
State Grant	7,242	6,383
Contracts:		
City	169,156	159,875
Others	179,764	172,488
Other	1,020	914
	<u>1,523,424</u>	<u>1,383,053</u>
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
Salaries and Related Costs	828,081	768,184
Other Services and Charges	260,573	283,154
Operating Supplies and Expenses	130,105	131,646
Insurance	61,886	67,745
Building Use Payment to City	2,220	2,220
Total Operation and Maintenance	<u>1,282,865</u>	<u>1,252,949</u>
Depreciation	60,745	48,052
	<u>1,343,610</u>	<u>1,301,001</u>
<b>OPERATING INCOME (LOSS)</b>	<u>179,814</u>	<u>82,052</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	(4,447)	150
Donations	9,700	15,050
Gain/Loss on Sale of Capital Assets	2,000	9,400
Interest Expense	(6,569)	(4,555)
	<u>684</u>	<u>20,045</u>
<b>CHANGE IN NET POSITION</b>	<u>180,498</u>	<u>102,097</u>
Net Position, January 1	<u>623,625</u>	<u>521,528</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 804,123</u>	<u>\$ 623,625</u>

**CITY OF HUDSON, WISCONSIN  
AMBULANCE SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2012)**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers/Patients	\$ 1,116,225	\$ 1,036,653
Cash Received from Government Subsidies/Contracts/Grants	366,157	330,788
Cash Payments to Suppliers for Goods and Services	(469,461)	(471,972)
Cash Payments for Employee Services	(799,582)	(765,514)
Net Cash Provided by (Used for) Operating Activities	<u>213,339</u>	<u>129,955</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Received for Donations	<u>9,700</u>	<u>15,050</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(58,554)	(184,911)
Cash Received for Salvage of Capital Assets	2,000	9,400
Cash Received on General Fund Advance	-	150,000
Cash Paid on General Fund Advance	(54,883)	(32,641)
Cash Paid for Interest on Advance	(6,569)	(4,555)
Net Cash Provided by (Used for) Capital Financing Activities	<u>(118,006)</u>	<u>(62,707)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>(4,447)</u>	<u>150</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>100,586</u>	<u>82,448</u>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>412,385</u>	<u>329,937</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 512,971</u>	<u>\$ 412,385</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 179,814	\$ 82,052
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
Used for Operating Activities:		
Depreciation	60,745	48,052
Allowance for Customer/Patient Accounts Receivable	(20,033)	(18,687)
(Increase) Decrease in Assets:		
Customer/Patient Accounts Receivable	(15,227)	11,947
Due From Other Governments	9,731	(9,731)
Increase (Decrease) in Liabilities:		
Unearned Revenues	(756)	859
Accrued Employee Liabilities	13,742	2,670
Accounts Payable	(14,677)	12,793
Net Cash Provided by (Used for) Operating Activities	<u>\$ 213,339</u>	<u>\$ 129,955</u>