

**CITY OF HUDSON, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2012**

**CITY OF HUDSON, WISCONSIN  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2012**

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION	18
STATEMENT OF ACTIVITIES	19
BALANCE SHEET – GOVERNMENTAL FUNDS	20
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES	21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	22
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	24
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	25
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	27
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	28
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	30
NOTES TO BASIC FINANCIAL STATEMENTS	31
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
1 – BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	62
2 – BUDGETARY COMPARISON SCHEDULE – JOINT LIBRARY FUND	63
3 – SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN	64
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	65
<b>SUPPLEMENTARY INFORMATION</b>	
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS</b>	
<b>NONMAJOR GOVERNMENTAL FUNDS</b>	
A-1 – COMBINING BALANCE SHEET	66
A-2 – COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	67

**CITY OF HUDSON, WISCONSIN  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

**SUPPLEMENTARY INFORMATION (CONTINUED)**

**COMBINING AND INDIVIDUAL FUND STATEMENTS (CONTINUED)**

**GENERAL FUND**

B-1 – DETAILED BALANCE SHEET	68
B-2 – STATEMENT OF CHANGES IN FUND BALANCE	69
B-3 – DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	70

**PUBLIC WORKS CAPITAL PROJECTS FUND**

C-1 – DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BY PROJECT	76
---	----

**WATER UTILITY ENTERPRISE FUND**

D-1 – STATEMENT OF NET POSITION	78
D-2 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	79
D-3 – STATEMENT OF CASH FLOWS	80
D-4 – SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	82

**SEWER UTILITY ENTERPRISE FUND**

D-5 – STATEMENT OF NET POSITION	84
D-6 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	86
D-7 – STATEMENT OF CASH FLOWS	87
D-8 – SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	89

**PARKING UTILITY ENTERPRISE FUND**

D-9 – STATEMENT OF NET POSITION	90
D-10 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	91
D-11 – STATEMENT OF CASH FLOWS	92

**AMBULANCE SERVICE ENTERPRISE FUND**

D-12 – STATEMENT OF NET POSITION	93
D-13 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	94
D-14 – STATEMENT OF CASH FLOWS	95

**FINANCIAL SECTION**



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAcconnect.com

## 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, 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, 2012, 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, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin as of December 31, 2012, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Prior Period Adjustment***

As discussed in Note 4.H to the financial statements, the City restated net position to correct capital asset balances.

#### ***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, 2011 which are not presented with the accompanying financial statements. In our report dated August 27, 2012, we expressed unqualified 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 statements that collectively comprise the City's financial statements as a whole. The 2011 combining and individual fund statements are presented for purposes of additional analysis and are not a required

The City Council  
The City of Hudson

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 2011 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 2011 combining and individual fund statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

**CliftonLarsonAllen LLP**

Hudson, Wisconsin  
August 9, 2013

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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, 2012. 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, 2012 include the following:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$93,475,846 (*net position*). Of this amount, \$65,864,545 represented the City's net investment in capital assets, \$7,399,450 was held for restricted purposes, and \$20,211,851 was unrestricted. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position increased by \$402,248. Net position related to the business-type activities of the City increased \$1,146,700, while net position related to governmental activities decreased \$744,452.
- At the end of 2012, the City's governmental funds reported combined ending fund balances of \$11,453,822, an increase of \$156,918 over the previous year. This increase was largely attributable to development which increased permit revenues and impact fee revenues, along with the establishment of a stormwater charge.
- During the year, the general fund balance increased \$376,362. At the end of 2012, the unassigned general fund balance totaled \$3,500,550 or 46.3% of the general fund expenditures and other financing uses. The City has assigned \$78,705 of its general fund balance, which together with the year end unassigned balance, represented 47.3% of general fund expenditures and other financing uses. The City also has \$23,648 in the general fund that is restricted by state statute to be used for a specific purpose.
- The City's outstanding long-term debt decreased by \$1,265,395 during the current fiscal year. The City did not issue any new debt during 2012.
- In 2012, the City established a stormwater fund to set rates for stormwater management services to protect the health, safety and welfare of the public. The City implemented rates charged to citizens based on the type of dwelling along with the parcel surface area if commercial, institutional, or industrial. Such fees collected are to be used to finance general operations and maintenance of the service. The stormwater activities are accounted for in a nonmajor special revenue fund.

**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.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**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.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two 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 serves as fiscal agent. Financial information for these component units has been included as an integral part of the primary government.

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

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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.

The City reports twelve 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, joint library 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 62 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 66.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**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 by \$93,475,846 at the close of 2012. The largest portion of these net assets (70%) 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:

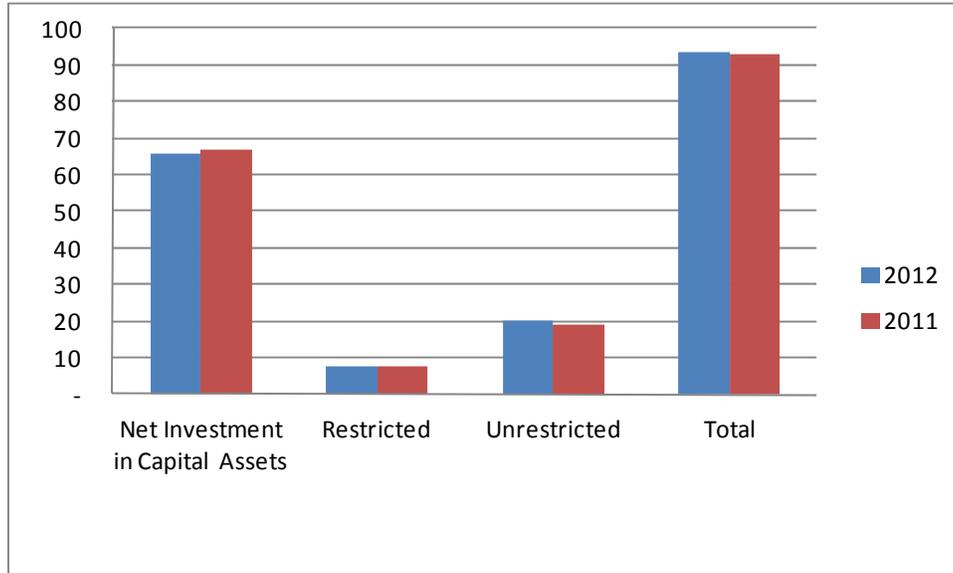
**Condensed Statement of Net Position  
December 31, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 18,698,971	\$ 18,626,089	\$ 17,845,215	\$ 16,634,800	\$ 36,544,186	\$ 35,260,889
Capital Assets	47,210,790	49,026,250	28,781,834	28,895,485	75,992,624	77,921,735
Internal Balances	243,975	184,342	(243,975)	(184,342)	-	-
Total Assets	<u>66,153,736</u>	<u>67,836,681</u>	<u>46,383,074</u>	<u>45,345,943</u>	<u>112,536,810</u>	<u>113,182,624</u>
Long-Term Debt Outstanding	8,728,356	9,711,236	1,699,971	1,946,646	10,428,327	11,657,882
Other Long-Term Obligations	916,834	805,334	-	-	916,834	805,334
Other Liabilities	7,134,568	7,201,681	581,235	444,129	7,715,803	7,645,810
Total Liabilities	<u>16,779,758</u>	<u>17,718,251</u>	<u>2,281,206</u>	<u>2,390,775</u>	<u>19,060,964</u>	<u>20,109,026</u>
Net Position:						
Net Investment in						
Capital Assets	38,495,144	39,330,766	27,369,401	27,550,735	65,864,545	66,881,501
Restricted	4,745,640	5,309,995	2,653,810	2,090,952	7,399,450	7,400,947
Unrestricted	6,133,194	5,477,669	14,078,657	13,313,481	20,211,851	18,791,150
Total Net Position	<u>\$ 49,373,978</u>	<u>\$ 50,118,430</u>	<u>\$ 44,101,868</u>	<u>\$ 42,955,168</u>	<u>\$ 93,475,846</u>	<u>\$ 93,073,598</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 \$20,211,851 of total net position (22%) may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note that \$14,078,657 of the unrestricted net position is related to the City's business-type activities. Consequently, they generally may not be available to fund governmental activities.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

The following chart shows the comparison of the three components of net position for the years 2012 and 2011 (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, 2012, shows total net position decreased \$744,452 (1.5%) 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, 2012, shows total net position increased \$1,146,700 (2.6%) 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, 2012**

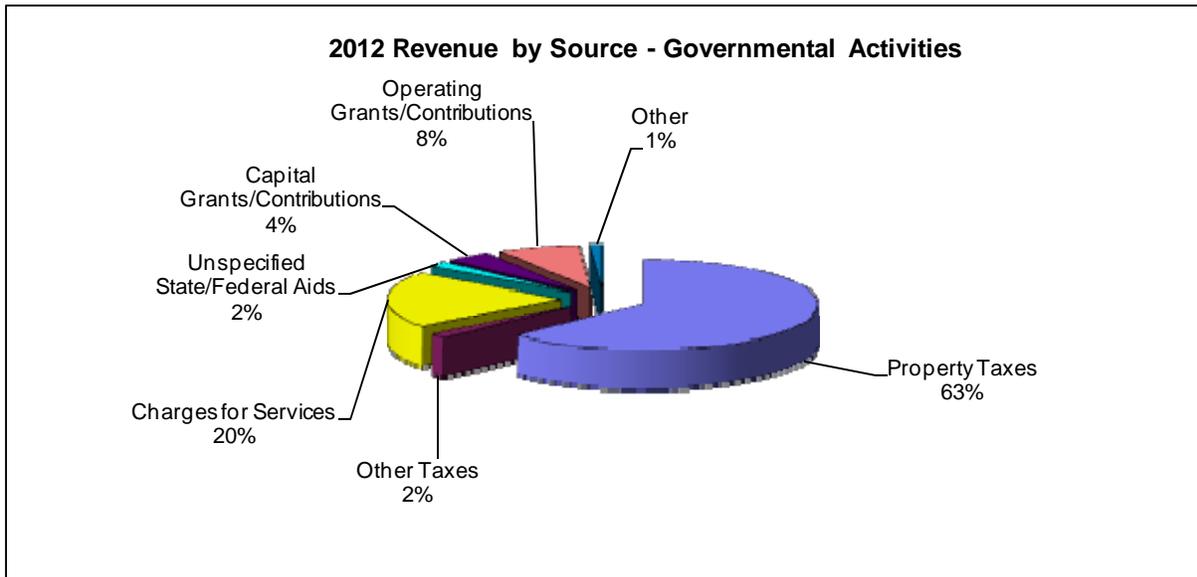
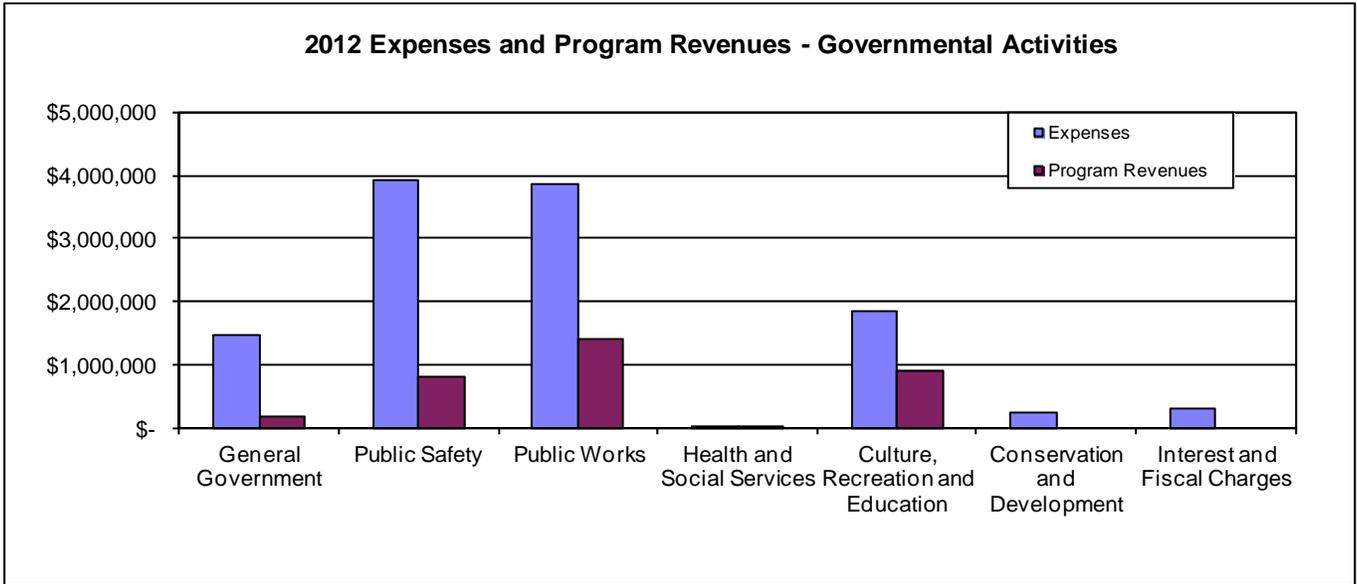
The following is a summary of the changes in the City's net position for the years ended December 31, 2012 and 2011:

**Condensed Statement of Changes in Net Position  
December 31, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 2,102,661	\$ 1,653,029	\$ 6,010,655	\$ 5,768,908	\$ 8,113,316	\$ 7,421,937
Operating Grants and Contributions	783,551	902,458	15,050	300	798,601	902,758
Capital Grants and Contributions	439,449	106,456	970,563	268,839	1,410,012	375,295
General Revenues:						
Property Taxes	6,508,625	6,450,267	-	-	6,508,625	6,450,267
Other Taxes	177,771	164,635	-	-	177,771	164,635
State and Federal Aids not Restricted to Specific Programs	197,076	222,828	-	-	197,076	222,828
Other	287,207	371,805	135,735	202,283	422,942	574,088
<b>Total Revenues</b>	<b>10,496,340</b>	<b>9,871,478</b>	<b>7,132,003</b>	<b>6,240,330</b>	<b>17,628,343</b>	<b>16,111,808</b>
<b>Expenses:</b>						
General Government	1,487,392	1,535,192	-	-	1,487,392	1,535,192
Public Safety	3,936,296	3,934,171	-	-	3,936,296	3,934,171
Public Works	3,861,891	3,819,825	-	-	3,861,891	3,819,825
Health and Social Services	16,914	17,303	-	-	16,914	17,303
Culture, Recreation, and Education	1,840,123	1,762,941	-	-	1,840,123	1,762,941
Conservation and Development	265,997	321,531	-	-	265,997	321,531
Interest and Fiscal Charges	303,960	408,975	-	-	303,960	408,975
Water	-	-	2,330,260	2,211,359	2,330,260	2,211,359
Sewage Treatment	-	-	1,783,107	1,758,172	1,783,107	1,758,172
Parking Facility	-	-	94,599	103,278	94,599	103,278
Ambulance Services	-	-	1,305,556	1,336,538	1,305,556	1,336,538
<b>Total Expenses</b>	<b>11,712,573</b>	<b>11,799,938</b>	<b>5,513,522</b>	<b>5,409,347</b>	<b>17,226,095</b>	<b>17,209,285</b>
Change in Net Position before Transfers	(1,216,233)	(1,928,460)	1,618,481	830,983	402,248	(1,097,477)
Transfers	471,781	428,981	(471,781)	(428,981)	-	-
<b>Change in Net Position</b>	<b>\$ (744,452)</b>	<b>\$ (1,499,479)</b>	<b>\$ 1,146,700</b>	<b>\$ 402,002</b>	<b>\$ 402,248</b>	<b>\$ (1,097,477)</b>

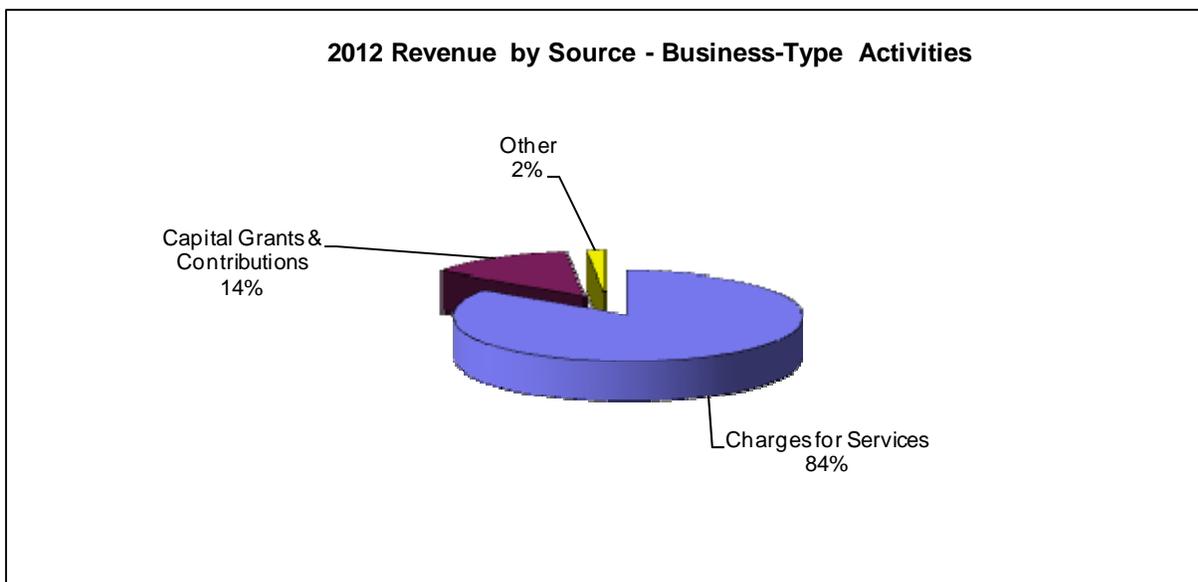
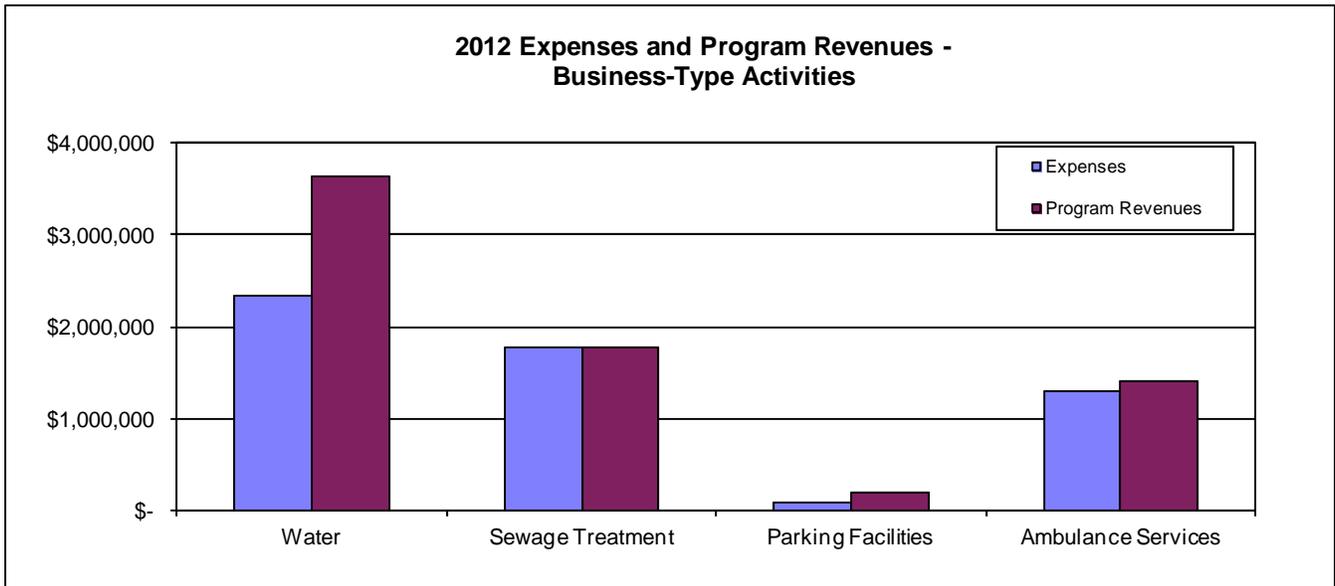
A review of the statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The following charts draw data from the statement of activities.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**



As shown above, the City is highly dependent on property taxes (63%) as its principal source of revenues for governmental activities. Program revenues represent 32% of governmental activities revenue.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**



In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (84%) 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, 2012**

**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, 2012, the City's governmental funds reported combined ending fund balances of \$11,453,822, an increase of \$156,918 from the previous year, which is a result of additional revenues from new development within the City. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/2012						Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
Major Funds:							
General Fund	\$ 289,524	\$ 23,648	\$ -	\$ 78,705	\$ 3,500,550	\$ 3,892,427	\$ 376,362
Joint Library Fund	-	252,477	-	-	-	252,477	(41,836)
Impact Fees Fund	-	3,373,658	-	-	-	3,373,658	309,057
Debt Service Fund	-	4,092	-	-	-	4,092	4,092
Capital Projects Fund	-	-	1,298,290	-	-	1,298,290	(907,749)
Nonmajor Funds:							
Cable Access Board Fund	-	-	779,081	-	-	779,081	53,379
Sewer Collection System Replacement Fund	-	-	820,263	-	-	820,263	65,585
Parks Dedication Fees Fund	-	314,907	-	-	-	314,907	9,553
Police Donations Fund	-	12,475	-	-	-	12,475	3,171
Police Drug Forfeitures Fund	-	748	-	-	-	748	5
Business Park Revolving Loan Fund	-	476,602	-	-	-	476,602	56,497
Stormwater Fund	-	228,802	-	-	-	228,802	228,802
	<u>\$ 289,524</u>	<u>\$ 4,687,409</u>	<u>\$ 2,897,634</u>	<u>\$ 78,705</u>	<u>\$ 3,500,550</u>	<u>\$ 11,453,822</u>	<u>\$ 156,918</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 51.4% 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 46.3% of the same amount. The City has assigned \$78,705 of its general fund balance which combined with the year-end unassigned balance (\$3,500,550), represented 47.3% of that same amount.

The general fund's total fund balance increased \$376,362 during the year, which is primarily due to additional permit fees from new development within the City, along with actual expenditures being less than budgeted.

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

The joint library fund, a blended component unit reported as a special revenue fund, is used to account for the operations of the Hudson Area Joint Library. The Hudson Area Joint Library (Joint Library) was created in 2003 through a joint library contractual agreement between the City of Hudson, the Village of North Hudson, the Town of Hudson, and 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 from the Town of St. Joseph, one member representing the Village, and one member representing the school district. The City appoints the City representatives. The school district representative shall be the District Administrator or his or her designee. The City has transferred ownership of its library and collection to the joint library board; however, if the joint library is dissolved without a successor organization, ownership of its property reverts back to the City. The City is to act as the fiscal agent for the joint library, with all disbursements subject to approval of the joint library board. Employees of the joint library are employees of the City of Hudson and reported under the City's federal and state employer identification numbers. The joint library fund had a fund balance of \$252,477 at December 31, 2012, a decrease of \$41,836 during the year.

The impact fees fund, a special revenue fund, had a balance of \$3,373,658 at December 31, 2012. 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 (\$1,811,172), sanitary sewer (\$1,517,539), and library (\$44,947).

The debt service fund had a fund balance of \$4,092 at December 31, 2012. This is an increase of \$4,092 from prior year due to excess revenues and interest earnings above debt requirements.

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, 2012 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 \$416,992 during 2012. 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, 2012**

**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 2012 totaled \$44,101,868, up \$1,146,700 from the previous year.

**Condensed Statement of Changes in Net Position for Enterprise Funds  
Years Ended December 31, 2012 and 2011**

	Water Utility		Sewer Utility		Parking Utility		Ambulance Service		Totals	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Operating Revenues	\$ 2,867,426	\$ 2,653,990	\$ 1,568,784	\$ 1,515,407	\$ 191,392	\$ 201,615	\$ 1,383,053	\$ 1,397,896	\$ 6,010,655	\$ 5,768,908
Operating Expenses:										
Depreciation	750,792	747,993	260,438	253,555	25,684	25,186	48,052	33,193	1,084,966	1,059,927
Other	1,579,468	1,463,366	1,475,666	1,448,738	68,915	78,092	1,252,949	1,298,650	4,376,998	4,288,846
Operating Income (Loss)	537,166	442,631	(167,320)	(186,886)	96,793	98,337	82,052	66,053	548,691	420,135
Nonoperating										
Revenues (Expenses)	49,694	71,120	228,201	251,829	2,129	2,419	20,045	8,160	300,069	333,528
Net Income (Loss)										
Before Contributions and Transfers	586,860	513,751	60,881	64,943	98,922	100,756	102,097	74,213	848,760	753,663
Capital Contributions	769,721	77,320	-	-	-	-	-	-	769,721	77,320
Transfers to Other										
Funds	(419,779)	(379,272)	(52,002)	(49,709)	-	-	-	-	(471,781)	(428,981)
Changes in Net Position	936,802	211,799	8,879	15,234	98,922	100,756	102,097	74,213	1,146,700	402,002
Net Position -										
Beginning of Year	28,862,046	28,650,247	12,276,573	12,261,339	1,295,021	1,194,265	521,528	447,315	42,955,168	42,553,166
Net Position - End of Year	<u>\$ 29,798,848</u>	<u>\$ 28,862,046</u>	<u>\$ 12,285,452</u>	<u>\$ 12,276,573</u>	<u>\$ 1,393,943</u>	<u>\$ 1,295,021</u>	<u>\$ 623,625</u>	<u>\$ 521,528</u>	<u>\$ 44,101,868</u>	<u>\$ 42,955,168</u>

Capital contributions of \$769,721 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 \$537,166 in 2012. 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 in 2012 but a positive change in net position 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, 2012**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

As shown in the *Budgetary Comparison Schedule* for the general fund (in required supplementary information), the final 2012 general fund budget was modified by the City Council. The general fund balance increased during 2012 by \$376,362, which was a \$507,883 favorable variance from the final budget. The City ended the year with a positive variance between actual amounts and budgeted amounts for revenues of \$79,240 or 1.1% and a favorable variance between actual amounts and budget amounts for expenditures of \$350,485 or 4.6%.

The positive revenue variance is mainly due to permit revenues being greater than budget due to new development within the City.

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 \$51,968 and \$51,955, respectively, while municipal building expenditures were \$37,783 under budget. Police administration and patrol expenditures were under budget \$46,551 due to a position being vacant for a portion of the year.

**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, 2012 and 2011 was as shown below:

**Capital Assets, Net of Accumulated Depreciation  
December 31, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
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	36,133	8,270	1,322,129	961,697	1,358,262	969,967
Subject to Depreciation:						
Buildings and Improvements	6,396,022	6,351,493	-	-	6,396,022	6,351,493
Land Improvements	2,460,918	2,460,918	-	-	2,460,918	2,460,918
Equipment and Vehicles	7,711,750	7,689,714	-	-	7,711,750	7,689,714
Infrastructure	81,278,670	80,498,069	-	-	81,278,670	80,498,069
Water System Plant	-	-	30,703,848	30,371,419	30,703,848	30,371,419
Sewage Treatment Plant	-	-	11,111,349	11,026,613	11,111,349	11,026,613
Parking Utility	-	-	604,626	604,626	604,626	604,626
Ambulance Service	-	-	735,904	642,344	735,904	642,344
Subtotal	106,614,203	105,739,174	45,505,136	44,633,979	152,119,339	150,373,153
Accumulated Depreciation	59,403,413	56,712,924	16,723,302	15,738,494	76,126,715	72,451,418
	<u>\$ 47,210,790</u>	<u>\$ 49,026,250</u>	<u>\$ 28,781,834</u>	<u>\$ 28,895,485</u>	<u>\$ 75,992,624</u>	<u>\$ 77,921,735</u>

**CITY OF HUDSON, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**Capital Assets (Continued)**

The additions to the City's capital assets during 2012 can be summarized as follows: *(in thousands)*

• Utility Infrastructure	\$780.1
• City Infrastructure (including stormwater)	780.6
• Ambulance Equipment and Vehicle	184.9
• General Equipment and Vehicles	216.4

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, 2012, the City had outstanding \$11,152,970 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, 2012 and 2011**

	Governmental Activities	Business-Type Activities	Outstanding 2012	Outstanding 2011	% Change
Long-Term Debt:					
General Obligation Debt	\$ 8,715,642	\$ -	\$ 8,715,642	\$ 9,695,484	-10.1
Unamortized Debt Discount	(9,649)	-	(9,649)	(12,440)	-22.4
Unamortized Debt Premium	22,363	-	22,363	28,192	-20.7
Sewer Revenue Bonds	-	1,507,780	1,507,780	1,790,295	-15.8
Subtotal	8,728,356	1,507,780	10,236,136	11,501,531	-11.0
Other Long-Term Obligations:					
Land Contract	-	-	-	40,108	-100.0
Estimated Employee Leave	363,933	102,540	466,473	456,332	2.2
Other Postemployment Benefit Liabilities	360,710	89,651	450,361	308,894	45.8
Total	<u>\$ 9,452,999</u>	<u>\$ 1,699,971</u>	<u>\$ 11,152,970</u>	<u>\$ 12,306,865</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, 2012 totaled \$8,715,642, approximately 12% of the maximum legal limit of \$70,032,405.

The City did not issue any new debt during 2012.

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, 2012**

**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, 2012**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 12,080,744	\$ 13,226,825	\$ 25,307,569
Taxes Receivable	6,115,243	184,468	6,299,711
Special Assessments Receivable	34,700	-	34,700
Specials and Delinquents Held by County	20,597	-	20,597
Accounts Receivable	225,338	1,222,917	1,448,255
Due from Other Governmental Units	36,726	74,945	111,671
Long-Term Receivables	55,373	445,268	500,641
Prepayments	43,812	-	43,812
Inventories	-	31,075	31,075
Other Assets	86,438	355	86,793
Internal Balances	243,975	(243,975)	-
Restricted Assets:			
Cash and Investments	-	2,659,362	2,659,362
Capital Assets:			
Capital Assets Not Being Depreciated	8,766,843	2,349,409	11,116,252
Capital Assets Being Depreciated	97,847,360	43,155,727	141,003,087
Accumulated Depreciation	(59,403,413)	(16,723,302)	(76,126,715)
Total Assets	66,153,736	46,383,074	112,536,810
<b>LIABILITIES</b>			
Vouchers and Accounts Payable	441,668	331,631	773,299
Construction Contracts Payable	10,371	14,508	24,879
Accrued Interest Payable	31,842	7,346	39,188
Payroll Withholdings	43,391	-	43,391
Accrued Wages	125,989	52,584	178,573
Due to Other Governmental Units	12,572	63,647	76,219
Unearned Revenues	6,528,610	111,394	6,640,004
Special Deposits	132,316	-	132,316
Security Deposit	-	125	125
Noncurrent Liabilities:			
Amounts Due Within One Year	1,450,589	393,451	1,844,040
Amounts Due in More than One Year	8,002,410	1,306,520	9,308,930
Total Liabilities	16,779,758	2,281,206	19,060,964
<b>NET POSITION</b>			
Net Investment in Capital Assets	38,495,144	27,369,401	65,864,545
Restricted for:			
Debt Service	6,950	337,475	344,425
Asset Replacement	-	1,731,771	1,731,771
Capital Projects	3,688,565	-	3,688,565
Economic Development Loan Programs	531,975	-	531,975
Other Purposes	518,150	584,564	1,102,714
Unrestricted	6,133,194	14,078,657	20,211,851
Total Net Position	\$ 49,373,978	\$ 44,101,868	\$ 93,475,846

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 1,487,392	\$ 187,923	\$ -	\$ -	\$ (1,299,469)	\$ -	\$ (1,299,469)
Public Safety	3,936,296	743,646	55,509	9,494	(3,127,647)	-	(3,127,647)
Public Works	3,861,891	378,290	608,292	429,955	(2,445,354)	-	(2,445,354)
Health and Social Services	16,914	4,184	-	-	(12,730)	-	(12,730)
Culture, Recreation and Education	1,840,123	788,618	119,750	-	(931,755)	-	(931,755)
Conservation and Development	265,997	-	-	-	(265,997)	-	(265,997)
Interest and Fiscal Charges	303,960	-	-	-	(303,960)	-	(303,960)
Total Governmental Activities	11,712,573	2,102,661	783,551	439,449	(8,386,912)	-	(8,386,912)
Business-Type Activities:							
Water	2,330,260	2,867,426	-	769,721	-	1,306,887	1,306,887
Sewage Treatment	1,783,107	1,568,784	-	200,842	-	(13,481)	(13,481)
Parking Facilities	94,599	191,392	-	-	-	96,793	96,793
Ambulance Services	1,305,556	1,383,053	15,050	-	-	92,547	92,547
Total Business-Type Activities	5,513,522	6,010,655	15,050	970,563	-	1,482,746	1,482,746
Total Primary Government	\$ 17,226,095	\$ 8,113,316	\$ 798,601	\$ 1,410,012	(8,386,912)	1,482,746	(6,904,166)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					5,163,667	-	5,163,667
Property Taxes, Levied for Debt Purposes					1,344,958	-	1,344,958
Other Taxes					177,771	-	177,771
State and Federal Aids not Restricted to Specific Functions					197,076	-	197,076
Interest and Investment Earnings					114,400	113,883	228,283
Other Interest Revenue					3,432	12,452	15,884
Miscellaneous					169,375	9,400	178,775
Transfers					471,781	(471,781)	-
Total General Revenues and Transfers					7,642,460	(336,046)	7,306,414
Change in Net Position					(744,452)	1,146,700	402,248
Net Position - Beginning of Year					50,869,916	42,955,168	93,825,084
Prior Period Adjustment					(751,486)	-	(751,486)
Net Position - Beginning of Year - As Restated					50,118,430	42,955,168	93,073,598
Net Position - End of Year					\$ 49,373,978	\$ 44,101,868	\$ 93,475,846

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	General Fund	Joint Library Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
<b>ASSETS</b>							
Treasurer's Cash and Investments	\$ 4,501,454	\$ 274,210	\$ 3,348,807	\$ 4,092	\$ 1,441,976	\$ 2,510,205	\$ 12,080,744
Taxes Receivable	4,746,760	-	-	1,350,787	17,696	-	6,115,243
Special Assessments Receivable	-	-	-	-	34,700	-	34,700
Specials and Delinquents Held by County	-	-	-	-	20,597	-	20,597
Accounts Receivable	56,501	5,235	25,773	-	-	137,829	225,338
Due from Other Governments	36,726	-	-	-	-	-	36,726
Advances to Other Funds	243,975	-	-	-	-	-	243,975
Prepayments	40,420	3,392	-	-	-	-	43,812
Deferred Loans Receivables	-	-	-	-	-	55,373	55,373
<b>Total Assets</b>	<b><u>\$ 9,625,836</u></b>	<b><u>\$ 282,837</u></b>	<b><u>\$ 3,374,580</u></b>	<b><u>\$ 1,354,879</u></b>	<b><u>\$ 1,514,969</u></b>	<b><u>\$ 2,703,407</u></b>	<b><u>\$ 18,856,508</u></b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Vouchers and Accounts Payable	\$ 256,896	\$ 17,335	\$ 922	\$ -	\$ 153,912	\$ 12,603	\$ 441,668
Construction Contracts Payable	-	-	-	-	10,371	-	10,371
Payroll Withholdings	43,391	-	-	-	-	-	43,391
Accrued Wages	110,411	13,025	-	-	-	2,553	125,989
Due Other Governmental Units	12,572	-	-	-	-	-	12,572
Deferred Revenues	5,177,823	-	-	1,350,787	52,396	55,373	6,636,379
Special Deposits	132,316	-	-	-	-	-	132,316
<b>Total Liabilities</b>	<b><u>5,733,409</u></b>	<b><u>30,360</u></b>	<b><u>922</u></b>	<b><u>1,350,787</u></b>	<b><u>216,679</u></b>	<b><u>70,529</u></b>	<b><u>7,402,686</u></b>
<b>Fund Balances:</b>							
Nonspendable	289,524	-	-	-	-	-	289,524
Restricted	23,648	252,477	3,373,658	4,092	-	1,033,534	4,687,409
Committed	-	-	-	-	1,298,290	1,599,344	2,897,634
Assigned	78,705	-	-	-	-	-	78,705
Unassigned	3,500,550	-	-	-	-	-	3,500,550
<b>Total Fund Balances</b>	<b><u>3,892,427</u></b>	<b><u>252,477</u></b>	<b><u>3,373,658</u></b>	<b><u>4,092</u></b>	<b><u>1,298,290</u></b>	<b><u>2,632,878</u></b>	<b><u>11,453,822</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 9,625,836</u></b>	<b><u>\$ 282,837</u></b>	<b><u>\$ 3,374,580</u></b>	<b><u>\$ 1,354,879</u></b>	<b><u>\$ 1,514,969</u></b>	<b><u>\$ 2,703,407</u></b>	<b><u>\$ 18,856,508</u></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, 2012**

**Total Fund Balances - Governmental Funds** \$ 11,453,822

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	36,133	
Land Improvements	2,460,918	
Buildings and Improvements	6,396,022	
Machinery/Equipment	7,711,750	
Infrastructure	81,278,670	
Accumulated Depreciation	<u>(59,403,413)</u>	47,210,790

Some receivables, including special assessments, are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements 107,769

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	8,715,642	
Accrued Interest on Long-Term Debt	31,842	
Employee Leave Liability	363,933	
Postemployment Benefits (OPEB) Liability	<u>360,710</u>	(9,472,127)

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

Unamortized Issuance Costs	86,438	
Unamortized Debt Premium	(22,363)	
Unamortized Debt Discounts	<u>9,649</u>	<u>73,724</u>

**Net Position of Governmental Activities** \$ 49,373,978

**CITY OF HUDSON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2012**

	General Fund	Joint Library Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
<b>REVENUES:</b>							
Taxes	\$ 5,341,438	\$ -	\$ -	\$ 1,344,958	\$ -	\$ -	\$ 6,686,396
Special Assessments	-	-	-	-	116,575	-	116,575
Intergovernmental	866,908	-	-	-	-	-	866,908
Licenses and Permits	372,531	-	289,108	-	-	200,338	861,977
Fines and Forfeits	102,700	-	-	-	-	-	102,700
Public Charges for Services	130,967	44,272	-	-	-	358,427	533,666
Intergovernmental Charges for Services	448,469	429,733	-	-	-	-	878,202
Miscellaneous:							
Interest	37,283	2,642	24,764	5,142	27,451	20,890	118,172
Rent	139,928	-	-	-	-	-	139,928
Donations	3,214	44,560	-	-	-	-	47,774
Other	13,037	601	-	-	12,196	130,398	156,232
Total Revenues	<u>7,456,475</u>	<u>521,808</u>	<u>313,872</u>	<u>1,350,100</u>	<u>156,222</u>	<u>710,053</u>	<u>10,508,530</u>
<b>EXPENDITURES:</b>							
General Government	1,412,414	-	-	-	-	-	1,412,414
Public Safety	3,689,849	-	-	-	-	368	3,690,217
Transportation Facilities	1,300,806	-	-	-	-	65,120	1,365,926
Sanitation	45,269	-	-	-	-	-	45,269
Health and Social Services	16,914	-	-	-	-	-	16,914
Culture, Recreation and Education	569,410	843,914	-	-	-	226,013	1,639,337
Conservation and Development	252,699	-	3,455	-	-	1,560	257,714
Capital Outlay	-	-	-	-	1,063,971	-	1,063,971
Debt Service:							
Principal Retirement	-	-	-	1,019,950	-	-	1,019,950
Interest and Fiscal Charges	-	-	-	326,058	-	-	326,058
Total Expenditures	<u>7,287,361</u>	<u>843,914</u>	<u>3,455</u>	<u>1,346,008</u>	<u>1,063,971</u>	<u>293,061</u>	<u>10,837,770</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, 2012**

	General Fund	Joint Library Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ 169,114	\$ (322,106)	\$ 310,417	\$ 4,092	\$ (907,749)	\$ 416,992	\$ (329,240)
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from Sale of Property	14,377	-	-	-	-	-	14,377
Transfers In	471,781	280,270	-	-	-	-	752,051
Transfers Out	(278,910)	-	(1,360)	-	-	-	(280,270)
Total Other Financing Sources (Uses)	<u>207,248</u>	<u>280,270</u>	<u>(1,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,158</u>
<b>NET CHANGE IN FUND BALANCES</b>	376,362	(41,836)	309,057	4,092	(907,749)	416,992	156,918
Fund Balances, January 1	<u>3,516,065</u>	<u>294,313</u>	<u>3,064,601</u>	<u>-</u>	<u>2,206,039</u>	<u>2,215,886</u>	<u>11,296,904</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 3,892,427</u>	<u>\$ 252,477</u>	<u>\$ 3,373,658</u>	<u>\$ 4,092</u>	<u>\$ 1,298,290</u>	<u>\$ 2,632,878</u>	<u>\$ 11,453,822</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, 2012**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 156,918**

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	\$ 1,082,330	
Depreciation Expense Reported in the Statement of Activities	<u>(2,871,735)</u>	(1,789,405)

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. (26,055)

Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. (12,190)

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	979,842	
Land Contract Principal Retirement	<u>40,108</u>	1,019,950

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	43,571	
Net Change in Accrued Employee Leave	(7,890)	
Net Change in OPEB Liability	(107,878)	
Amortization of Debt Issuance Related Costs	<u>(21,473)</u>	<u>(93,670)</u>

**Change in Net Position of Governmental Activities** **\$ (744,452)**

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2012**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 6,635,390	\$ 5,836,325	\$ 342,725	\$ 412,385	\$ 13,226,825
Accounts Receivable:					
Customer/Patient	577,324	402,724	1,060	269,110	1,250,218
Accounts Receivable on Tax Roll	103,535	80,933	-	-	184,468
Allowance for Doubtful Accounts	-	-	-	(126,350)	(126,350)
Other	77,192	21,857	-	-	99,049
Due from Other Governmental Units:					
Current Portion of Biosolids Advances	-	111,387	-	-	111,387
Other	34,382	30,832	-	9,731	74,945
Inventories	31,075	-	-	-	31,075
Total Current Assets	<u>7,458,898</u>	<u>6,484,058</u>	<u>343,785</u>	<u>564,876</u>	<u>14,851,617</u>
<b>Restricted Assets:</b>					
Cash and Investments:					
Debt Service/Asset Replacement	-	2,074,798	-	-	2,074,798
Carmichael Impact Assessments	584,564	-	-	-	584,564
Total Restricted Assets	<u>584,564</u>	<u>2,074,798</u>	<u>-</u>	<u>-</u>	<u>2,659,362</u>
<b>Capital Assets:</b>					
Property and Plant in Service	30,840,710	11,241,205	1,365,188	735,904	44,183,007
Accumulated Provision for Depreciation	9,784,013	6,277,462	311,744	350,083	16,723,302
Net Utility Plant in Service	<u>21,056,697</u>	<u>4,963,743</u>	<u>1,053,444</u>	<u>385,821</u>	<u>27,459,705</u>
Construction Work in Progress	943,894	378,235	-	-	1,322,129
Total Capital Assets	<u>22,000,591</u>	<u>5,341,978</u>	<u>1,053,444</u>	<u>385,821</u>	<u>28,781,834</u>
<b>Other Assets:</b>					
Advances to Biosolids Facility	-	333,881	-	-	333,881
Unamortized Debt Issuance Costs	-	355	-	-	355
Total Other Assets	<u>-</u>	<u>334,236</u>	<u>-</u>	<u>-</u>	<u>334,236</u>
<b>Total Assets</b>	<u><u>\$ 30,044,053</u></u>	<u><u>\$ 14,235,070</u></u>	<u><u>\$ 1,397,229</u></u>	<u><u>\$ 950,697</u></u>	<u><u>\$ 46,627,049</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF NET POSITION (CONTINUED)  
PROPRIETARY FUNDS  
DECEMBER 31, 2012**

	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	\$ 98,004	\$ 195,490	\$ 1,668	\$ 36,469	\$ 331,631
Construction Contracts Payable	-	14,508	-	-	14,508
Due to Other Governmental Units	13,967	49,680	-	-	63,647
Accrued Interest Payable	-	1,794	-	-	1,794
Accrued Employee Liabilities	61,086	32,197	-	9,257	102,540
Accrued Wages	22,324	16,319	1,493	12,448	52,584
Advances from Other Funds	-	-	-	54,884	54,884
Unearned Revenue	-	104,152	-	7,242	111,394
Security Deposit	-	-	125	-	125
Current Portion of Revenue Bonds	-	109,593	-	-	109,593
Total Current Liabilities	<u>195,381</u>	<u>523,733</u>	<u>3,286</u>	<u>120,300</u>	<u>842,700</u>
<b>Current Liabilities Payable from Restricted Assets:</b>					
Accrued Interest Payable	-	5,552	-	-	5,552
Current Portion of Revenue Bonds	-	181,318	-	-	181,318
Total Current Liabilities Payable from Restricted Assets	-	<u>186,870</u>	-	-	<u>186,870</u>
<b>Long-Term Liabilities (Less Current Portion):</b>					
Advances from Other Funds	-	-	-	189,091	189,091
Other Postemployment Benefits Payable	49,824	22,146	-	17,681	89,651
Mortgage Revenue Bonds	-	1,216,869	-	-	1,216,869
Total Long-Term Liabilities	<u>49,824</u>	<u>1,239,015</u>	<u>-</u>	<u>206,772</u>	<u>1,495,611</u>
Total Liabilities	<u>245,205</u>	<u>1,949,618</u>	<u>3,286</u>	<u>327,072</u>	<u>2,525,181</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	22,000,591	4,173,520	1,053,444	141,846	27,369,401
Restricted for:					
Debt Service	-	337,475	-	-	337,475
Impact Assessments	584,564	-	-	-	584,564
Asset Replacement	-	1,731,771	-	-	1,731,771
Unrestricted	<u>7,213,693</u>	<u>6,042,686</u>	<u>340,499</u>	<u>481,779</u>	<u>14,078,657</u>
Total Net Position	<u>29,798,848</u>	<u>12,285,452</u>	<u>1,393,943</u>	<u>623,625</u>	<u>44,101,868</u>
Total Liabilities and Net Position	<u>\$ 30,044,053</u>	<u>\$ 14,235,070</u>	<u>\$ 1,397,229</u>	<u>\$ 950,697</u>	<u>\$ 46,627,049</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, 2012**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Parking Utility	Ambulance Service	
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 2,452,563	\$ 1,540,600	\$ 189,655	\$ 1,043,393	\$ 5,226,211
Intergovernmental Contracts	-	-	-	332,363	332,363
Grants and Subsidies	-	-	-	6,383	6,383
Other	414,863	28,184	1,737	914	445,698
Total Operating Revenues	<u>2,867,426</u>	<u>1,568,784</u>	<u>191,392</u>	<u>1,383,053</u>	<u>6,010,655</u>
<b>OPERATING EXPENSES:</b>					
Operation and Maintenance	1,579,468	1,475,666	68,915	1,252,949	4,376,998
Depreciation	750,792	260,438	25,684	48,052	1,084,966
Total Operating Expenses	<u>2,330,260</u>	<u>1,736,104</u>	<u>94,599</u>	<u>1,301,001</u>	<u>5,461,964</u>
<b>OPERATING INCOME (LOSS)</b>	537,166	(167,320)	96,793	82,052	548,691
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment Earnings	49,694	61,910	2,129	150	113,883
Other Interest Income	-	12,452	-	-	12,452
Hook-up Fees	-	200,842	-	-	200,842
Donations/Other	-	-	-	15,050	15,050
Interest Expense	-	(46,879)	-	(4,555)	(51,434)
Amortization of Debt Discount and Expense	-	(124)	-	-	(124)
Gain/Loss on Sale of Capital Assets	-	-	-	9,400	9,400
Total Nonoperating Revenues (Expenses)	<u>49,694</u>	<u>228,201</u>	<u>2,129</u>	<u>20,045</u>	<u>300,069</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	586,860	60,881	98,922	102,097	848,760
<b>CAPITAL CONTRIBUTIONS:</b>					
Plant Contributed by Developers	238,140	-	-	-	238,140
Impact Fees Applied	531,581	-	-	-	531,581
Total Capital Contributions	<u>769,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>769,721</u>
<b>TRANSFERS:</b>					
Transfer to General Fund	(419,779)	(52,002)	-	-	(471,781)
<b>CHANGE IN NET POSITION</b>	936,802	8,879	98,922	102,097	1,146,700
Net Position, January 1	<u>28,862,046</u>	<u>12,276,573</u>	<u>1,295,021</u>	<u>521,528</u>	<u>42,955,168</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 29,798,848</u>	<u>\$ 12,285,452</u>	<u>\$ 1,393,943</u>	<u>\$ 623,625</u>	<u>\$ 44,101,868</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	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	\$ 1,985,684	\$ 1,643,024	\$ 122,963	\$ 1,036,653	\$ 4,788,324
Cash Received for Public Fire Protection	677,660	-	-	-	677,660
Cash Received (Paid) for Sewer Share of Meter Related Expense	142,084	(142,084)	-	-	-
Cash Received from Government Subsidies/ Contracts/Grants	-	6,157	-	330,788	336,945
Cash Received from Parking Forfeitures	-	-	67,369	-	67,369
Cash Paid for City/Village Surcharges	-	(121,181)	-	-	(121,181)
Cash Payments to Suppliers for Goods and Services	(692,298)	(531,502)	(19,394)	(471,972)	(1,715,166)
Cash Payments for Employee Services	(868,951)	(654,793)	(49,495)	(765,514)	(2,338,753)
Net Cash Provided by (Used for) Operating Activities	1,244,179	199,621	121,443	129,955	1,695,198
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash Donations Received	-	-	-	15,050	15,050
Cash Payments of Tax Equivalent to General Fund	(419,779)	(52,002)	-	-	(471,781)
Net Cash Provided by (Used for) Noncapital Financing Activities	(419,779)	(52,002)	-	15,050	(456,731)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Cash Payments for Capital Assets	(101,037)	(426,463)	-	(184,911)	(712,411)
Cash Paid for Removal of Capital Assets	(6,256)	-	-	-	(6,256)
Cash Received for Salvage of Capital Assets	-	-	-	9,400	9,400
Cash Received for Hook-up Fees	-	200,842	-	-	200,842
Cash Received for Impact Fees	531,581	-	-	-	531,581
Cash Received on Interfund Advance	-	-	-	150,000	150,000
Cash Paid for Principal on Interfund Advance	-	-	-	(32,641)	(32,641)
Cash Paid for Interest on Interfund Advance	-	-	-	(4,555)	(4,555)
Principal Paid on Long-Term Debt	-	(176,292)	-	-	(176,292)
Interest Paid on Long-Term Debt	-	(35,265)	-	-	(35,265)
Net Cash Used for Capital and Related Financing Activities	424,288	(437,178)	-	(62,707)	(75,597)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Earnings on Investments	49,694	61,910	2,129	150	113,883
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,298,382	(227,649)	123,572	82,448	1,276,753
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	5,921,572	8,138,772	219,153	329,937	14,609,434
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 7,219,954</u>	<u>\$ 7,911,123</u>	<u>\$ 342,725</u>	<u>\$ 412,385</u>	<u>\$ 15,886,187</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	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)	\$ 537,166	\$ (167,320)	\$ 96,793	\$ 82,052	\$ 548,691
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	750,792	260,438	25,684	48,052	1,084,966
(Increase) Decrease in Assets:					
Customer/Patient Accounts Receivable	(17,118)	(4,825)	(1,060)	11,947	(11,056)
Accounts Receivable on Tax Roll	11,484	2,697	-	-	14,181
Other Accounts Receivable	(57,264)	10,116	-	-	(47,148)
Allowance for Uncollectible Accounts	-	-	-	(18,687)	(18,687)
Due from Other Governments	(4,329)	(1,846)	-	(9,731)	(15,906)
Inventories	(1,366)	-	-	-	(1,366)
Increase (Decrease) in Liabilities:					
Accounts Payable	(3,029)	135,878	22	12,793	145,664
Special Deposits	5,229	-	-	-	5,229
Accrued Wages	293	120	4	-	417
Accrued Employee Liabilities	22,766	11,289	-	2,670	36,725
Unearned Revenues	-	-	-	859	859
Due to Other Governmental Units	(445)	10,800	-	-	10,355
Due to Other Funds	-	(57,726)	-	-	(57,726)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,244,179</u>	<u>\$ 199,621</u>	<u>\$ 121,443</u>	<u>\$ 129,955</u>	<u>\$ 1,695,198</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>					
Cash and Investments per Statement of Net Position:					
Cash and Investments	\$ 6,635,390	\$ 5,836,325	\$ 342,725	\$ 412,385	\$ 13,226,825
Cash and Investments - Restricted	584,564	2,074,798	-	-	2,659,362
Cash and Cash Equivalents	<u>\$ 7,219,954</u>	<u>\$ 7,911,123</u>	<u>\$ 342,725</u>	<u>\$ 412,385</u>	<u>\$ 15,886,187</u>
<b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Assets Financed through Customers and Developers	\$ 238,140	\$ -	\$ -	\$ -	\$ 238,140
Long-Term Debt Paid Directly by Biosolids Facility:					
Principal Repaid	-	106,223	-	-	106,223
Interest Paid	-	12,452	-	-	12,452

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012**

	Agency Funds
<b>ASSETS</b>	
Cash and Investments	\$ 1,433,235
Taxes Receivable	19,660,899
Total Assets	\$ 21,094,134
<b>LIABILITIES</b>	
Accounts Payable	\$ 2,465
Due Other Governmental Units:	
State	237,699
County	5,776,702
School District	13,337,948
Technical College	1,739,320
Total Liabilities	\$ 21,094,134

See accompanying Notes to Basic Financial Statements.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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. The basic financial statements of the City consist solely of the primary government and a "blended component unit" as described below. 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.

**Blended 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. Operations of the joint library are accounted for under a separate fund by the City and have been presented as a major fund in the City's basic financial statements.

**Blended 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, 2012**

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

**A. Reporting Entity (Continued)**

**Blended Component Unit – Community Access Board (continued).** Employees of the Board are employees of the City of Hudson and reported under the City's federal and state employer identification numbers. Operations of the Community Access Board are accounted for in a separate fund by the City and have been presented as a non-major governmental fund in the city's financial statements.

**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 financial accountable.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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, liabilities, 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.

**Joint Library Fund** – The Joint Library Fund, a blended component unit reported as a special revenue fund, is used to account for the operations of the Hudson Area Joint Library - see also Note 1.A. The main source of revenue for this fund are intergovernmental charges for services.

**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, 2012**

**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 and liabilities 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 revenue. 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, 2012**

**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. 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 City reports deferred revenues on its statement of net position and fund balance sheets. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net position balance sheet and revenue is recognized.

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

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water utility, sewer utility, parking utility and ambulance service are charges to customers and contracted entities 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.

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

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.

**D. Assets, Liabilities, 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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

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

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.

**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 revenues 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. Deferred 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 2012 tax roll are recognized as revenue in 2013.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

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

**Accounts Receivable.** Accounts receivable in the ambulance service enterprise fund are offset by an allowance for uncollectibles. All other accounts receivable are considered to be collectible in full.

**Loans Receivable.** The City has received federal and state grant funds for economic development loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. It is the City's policy to record deferred revenue 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, 2012**

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

**D. Assets, Liabilities, 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. Other Assets**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**7. 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.

**8. 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.

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

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

The City had approved the issuance of industrial revenue bonds (IRB's) for the benefit of private business enterprises in prior years. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at December 31, 2012 was approximately \$1,264,232, made up of an issue of the Hudson Hockey Association (\$1,187,173) and another issue of the YMCA of the Greater Twin Cities (\$77,059).

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**10. Equity Classifications**

Fund equity, representing the difference between assets and liabilities, 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.

**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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City's cash and investments balances at December 31, 2012 are shown in the financial statements as follows:

Governmental Funds	\$ 12,080,744
Proprietary Funds	15,886,187
Fiduciary Funds	1,433,235
	<u>\$ 29,400,166</u>

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 10,293,778
Deposits in State Local Government Pooled-Investment Fund	2,187,797
Investments in Federal Agency Issuances	16,694,758
Investments in Money Market Account	222,583
Petty Cash	1,250
	<u>\$ 29,400,166</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 unlimited coverage for all non-interest bearing transaction 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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

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

**Deposits at Financial Institutions (Continued)**

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, 2012, the City's deposits were not exposed to significant custodial credit risk.

**Investments**

The City's investments at December 31, 2012 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.

**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 2012 was 77 days.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

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

**Investments (Continued)**

**U.S. Government Agencies and Instrumentalities Obligations.** The City's investments in these obligations at December 31, 2012 are summarized as follows:

Description	Totals	Investment Maturities (in years)				S & P Rating
		<1	1 to 2	2 to 3	>3	
Debt Instruments:						
FNMA	\$ 1,669,875	\$ -	\$ -	\$ -	\$ 1,669,875	AAA/Aaa/AA+
FHLMC	3,252,517	-	-	-	3,252,517	AAA/Aaa/AA+
FHLB	11,273,819	-	-	-	11,273,819	AAA/Aaa/AA+
FFCB	341,422	-	-	-	341,422	AAA/Aaa/AA+
Loan/mortgage pools -						
GNMA	9,425	-	-	-	9,425	Not Applicable
Other:						
Village of Menomonee Falls Bond	147,700	-	-	147,700	-	Not Rated
	<u>\$ 16,694,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,700</u>	<u>\$ 16,547,058</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.

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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**B. Receivables/Deferred Revenues**

**1. Other Receivables**

Other accounts receivable at December 31, 2012 are further detailed as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Totals
Special Assessments	\$ -	\$ 55,297	\$ -	\$ -	\$ 55,297
Accounts Receivable:					
General	56,501	-	168,837	99,049	324,387
Customers:					
Water	-	-	-	577,324	577,324
Sewer	-	-	-	402,724	402,724
Parking	-	-	-	1,060	1,060
Ambulance (net)	-	-	-	142,760	142,760
	<u>56,501</u>	<u>-</u>	<u>168,837</u>	<u>1,222,917</u>	<u>1,448,255</u>
Due From Other Governments	36,726	-	-	74,945	111,671
Long-Term Receivables:					
Economic Development Loans	-	-	55,373	-	55,373
Biosolids Facility	-	-	-	445,268	445,268
	<u>-</u>	<u>-</u>	<u>55,373</u>	<u>445,268</u>	<u>500,641</u>
Totals	<u>\$ 93,227</u>	<u>\$ 55,297</u>	<u>\$ 224,210</u>	<u>\$ 1,743,130</u>	<u>\$ 2,115,864</u>

Accounts receivable of the ambulance service enterprise fund are reported net of an allowance for uncollectible accounts. Such allowance totaled \$126,350 at December 31, 2012. Long-term receivables related to economic development loans and advances to the Biosolids Facility are further discussed in Note 3.G and 4.D, respectively.

**2. Deferred Revenues**

Governmental funds report deferred revenues in connections 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 revenue and unearned revenue reported in the governmental funds are shown on the following page:

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**B. Receivables/Deferred Revenues (Continued)**

**2. Deferred Revenues (Continued)**

	Unavailable	Unearned	Total
2012 Tax Roll Items:			
Property Taxes	\$ -	\$ 6,528,610	\$ 6,528,610
Special Assessments	17,696	-	17,696
Special Assessments - Future Years	34,700	-	34,700
Economic Development Loans	55,373	-	55,373
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 107,769</u>	<u>\$ 6,528,610</u>	<u>\$ 6,636,379</u>

**C. Capital Assets**

Capital assets activity for the year ended December 31, 2012 is shown below:

**Governmental Activities**

	Beginning Balance	Prior Period Adjustment	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	8,270	-	8,270	27,863	-	36,133
Total Capital Assets Not Being Depreciated	8,738,980	-	8,738,980	27,863	-	8,766,843
Capital Assets Being Depreciated:						
Land Improvements	2,460,918	-	2,460,918	-	-	2,460,918
Buildings and Improvements	6,351,493	-	6,351,493	44,529	-	6,396,022
Machinery and Equipment	4,161,343	-	4,161,343	122,657	51,278	4,232,722
Licensed Vehicles	3,528,371	-	3,528,371	106,680	156,023	3,479,028
Infrastructure	81,832,499	(1,334,430)	80,498,069	780,601	-	81,278,670
Total Capital Assets Being Depreciated	98,334,624	(1,334,430)	97,000,194	1,054,467	207,301	97,847,360
Total Capital Assets	107,073,604	(1,334,430)	105,739,174	1,082,330	207,301	106,614,203
Accumulated Depreciation:						
Land Improvements	1,305,566	-	1,305,566	109,466	-	1,415,032
Buildings and Improvements	1,618,120	-	1,618,120	150,608	-	1,768,728
Machinery and Equipment	2,341,436	-	2,341,436	269,144	48,771	2,561,809
Licensed Vehicles	2,609,671	-	2,609,671	248,605	132,475	2,725,801
Infrastructure	49,421,075	(582,944)	48,838,131	2,093,912	-	50,932,043
Total Accumulated Depreciation	57,295,868	(582,944)	56,712,924	2,871,735	181,246	59,403,413
Net Capital Assets - Governmental Activities	<u>\$ 49,777,736</u>	<u>\$ (751,486)</u>	<u>\$ 49,026,250</u>	<u>\$ (1,789,405)</u>	<u>\$ 26,055</u>	<u>\$ 47,210,790</u>

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**C. Capital Assets (Continued)**

**Governmental Activities (Continued)**

Depreciation was charged to governmental functions as follows:

General Government	\$ 84,199
Public Safety	224,330
Transportation	2,256,901
Sanitation	310
Culture, Recreation and Education	305,610
Conservation and Development	385
	<u>\$ 2,871,735</u>

**Business-Type Activities**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 136,862	\$ -	\$ -	\$ 136,862
Construction in Progress	939,697	4,197	-	943,894
Total Capital Assets Not Being Depreciated	<u>1,076,559</u>	<u>4,197</u>	<u>-</u>	<u>1,080,756</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	21,084,775	331,855	2,551	21,414,079
General Assets	915,980	3,125	-	919,105
Total Capital Assets Being Depreciated	<u>30,371,419</u>	<u>334,980</u>	<u>2,551</u>	<u>30,703,848</u>
Total Capital Assets	31,447,978	339,177	2,551	31,784,604
Accumulated Depreciation:				
Source of Supply	453,431	34,160	-	487,591
Pumping Plant	1,404,992	88,565	-	1,493,557
Water Treatment	1,560,786	157,093	-	1,717,879
Transmission and Distribution	4,880,740	393,696	8,807	5,265,629
General Assets	742,079	77,278	-	819,357
Total Accumulated Depreciation	<u>9,042,028</u>	<u>750,792</u>	<u>8,807</u>	<u>9,784,013</u>
Net Capital Assets - Water Utility	22,405,950	(411,615)	(6,256)	22,000,591

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**C. Capital Assets (Continued)**

**Business-Type Activities (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer Utility:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 129,856	\$ -	\$ -	\$ 129,856
Construction in Progress	22,000	356,235	-	378,235
Total Capital Assets Not Being Depreciated	151,856	356,235	-	508,091
Capital Assets Being Depreciated:				
Collection System	675,777	5,143	-	680,920
Pumping System	12,400	-	-	12,400
Treatment and Disposal Plant	9,583,480	-	-	9,583,480
General Plant	754,956	79,593	-	834,549
Total Capital Assets Being Depreciated	11,026,613	84,736	-	11,111,349
Total Capital Assets	11,178,469	440,971	-	11,619,440
Accumulated Depreciation:				
Collection System	194,461	7,613	-	202,074
Pumping System	12,400	-	-	12,400
Treatment and Disposal Plant	5,410,220	225,315	-	5,635,535
General Plant	399,943	27,510	-	427,453
Total Accumulated Depreciation	6,017,024	260,438	-	6,277,462
Net Capital Assets - Sewer Utility	5,161,445	180,533	-	5,341,978
<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	604,626	-	-	604,626
Total Capital Assets	1,365,188	-	-	1,365,188
Accumulated Depreciation:				
Improvements to Lots	248,220	20,935	-	269,155
Equipment	37,840	4,749	-	42,589
Total Accumulated Depreciation	286,060	25,684	-	311,744
Net Capital Assets - Parking Utility	1,079,128	(25,684)	-	1,053,444
<b>Ambulance Service:</b>				
Capital Assets Being Depreciated:				
Vehicles	535,181	144,769	91,351	588,599
Other Equipment	107,163	40,142	-	147,305
Total Capital Assets	642,344	184,911	91,351	735,904
Total Accumulated Depreciation	393,382	48,052	91,351	350,083
Net Capital Assets - Ambulance Service	248,962	136,859	-	385,821
<b>Totals - Business-Type Activities:</b>				
Capital Assets Not Being Depreciated	1,988,977	360,432	-	2,349,409
Capital Assets Being Depreciated	42,645,002	604,627	93,902	43,155,727
Total Capital Assets	44,633,979	965,059	93,902	45,505,136
Less Accumulated Depreciation	15,738,494	1,084,966	100,158	16,723,302
Net Capital Assets - Business-Type Activities	\$ 28,895,485	\$ (119,907)	\$ (6,256)	\$ 28,781,834

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**C. Capital Assets (Continued)**

**Business-Type Activities (Continued)**

Depreciation was charged to the following business-type activities:

Water	\$ 750,792
Sewer	260,438
Parking	25,684
Ambulance	48,052
	<u>\$ 1,084,966</u>

**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	\$ 243,975	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 2012, the ambulance paid the general fund combined principal of \$32,640 on these loans.

**Interfund Transfers**

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Joint Library Fund	\$ 278,910	Share of joint library
Impact Fees Fund	Joint Library Fund	1,360	Project costs
Water Utility Fund	General Fund	419,779	Property tax equivalent
Sewer Utility Fund	General Fund	52,002	Property tax equivalent
		<u>\$ 752,051</u>	

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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, 2012:

	Balance 1/1/12	Additions	Reductions	Balance 12/31/12	Amounts Due Within One Year
<b>Long-Term Debt:</b>					
<b>Governmental Activities:</b>					
General Obligation Notes	\$ 9,695,484	\$ -	\$ 979,842	\$ 8,715,642	\$ 1,086,656
Unamortized Debt Premium	28,192	-	5,829	22,363	-
Unamortized Debt Discount	(12,440)	-	(2,791)	(9,649)	-
	<u>9,711,236</u>	<u>-</u>	<u>982,880</u>	<u>8,728,356</u>	<u>1,086,656</u>
<b>Business-Type Activities:</b>					
<b>Mortgage Revenue Bonds:</b>					
Sewer Utility	1,790,295	-	282,515	1,507,780	290,911
	<u>1,790,295</u>	<u>-</u>	<u>282,515</u>	<u>1,507,780</u>	<u>290,911</u>
<b>Total Long-Term Debt</b>	<u>\$ 11,501,531</u>	<u>\$ -</u>	<u>\$ 1,265,395</u>	<u>\$ 10,236,136</u>	<u>\$ 1,377,567</u>
<b>Other Long-Term Obligations:</b>					
<b>Governmental Activities:</b>					
Land Contract Payable	\$ 40,108	\$ -	\$ 40,108	\$ -	\$ -
Employee Leave Liability	356,043	7,890	-	363,933	363,933
Other Postemployment Benefits Payable	252,832	138,008	30,130	360,710	-
	<u>648,983</u>	<u>145,898</u>	<u>70,238</u>	<u>724,643</u>	<u>363,933</u>
<b>Business-Type Activities:</b>					
Employee Leave Liability	100,289	2,251	-	102,540	102,540
Other Postemployment Benefits Payable	56,062	42,968	9,379	89,651	-
	<u>156,351</u>	<u>45,219</u>	<u>9,379</u>	<u>192,191</u>	<u>102,540</u>
<b>Total Other Long-Term Obligations</b>	<u>\$ 805,334</u>	<u>\$ 191,117</u>	<u>\$ 79,617</u>	<u>\$ 916,834</u>	<u>\$ 466,473</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, 2012**

**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, 2012 and annual requirements for their retirement as of that date are shown below:

		Outstanding 12/31/12	Scheduled Future Payments					2017	2018-2021
			2013	2014	2015	2016	2017		
<b>State Trust Fund Loans:</b>									
\$400,000, issued 5/13/05, due 3/15/15, interest at 4.0%	Principal (3/15)	\$ 145,642	\$ 46,656	\$ 48,523	\$ 50,463	\$ -	\$ -	\$ -	
	Interest (3/15)	11,804	5,826	3,959	2,019	-	-	-	
<b>Promissory Note Issues:</b>									
\$3,530,000 dated 5/25/11, due 5/1/21 interest at 1.00 to 3.00%	Principal (11/1)	3,205,000	370,000	320,000	330,000	340,000	320,000	1,525,000	
	Interest (5/1, 11/1)	398,626	67,856	63,970	60,130	54,850	48,390	103,430	
\$3,200,000 dated 7/21/09, due 6/1/19 interest at 3.00 to 3.70%	Principal (12/1)	2,745,000	150,000	200,000	200,000	325,000	630,000	1,240,000	
	Interest (6/1, 12/1)	472,645	95,360	90,860	84,860	78,360	66,985	56,220	
\$1,925,000 dated 6/10/08, due 6/1/18 interest at 3.50 to 3.75%	Principal (12/1)	1,345,000	205,000	215,000	220,000	230,000	235,000	240,000	
	Interest (6/1, 12/1)	173,389	48,837	41,662	34,137	26,438	17,813	4,502	
\$2,720,000 dated 3/21/07, due 12/1/16 interest at 3.55 to 3.70%	Principal (12/1)	1,275,000	315,000	330,000	345,000	285,000	-	-	
	Interest (6/1, 12/1)	116,061	46,853	35,355	23,310	10,543	-	-	
<b>Total Future Requirements:</b>									
	Principal	8,715,642	1,086,656	1,113,523	1,145,463	1,180,000	1,185,000	3,005,000	
	Interest	1,172,525	264,732	235,806	204,456	170,191	133,188	164,152	
Totals		<u>\$ 9,888,167</u>	<u>\$ 1,351,388</u>	<u>\$ 1,349,329</u>	<u>\$ 1,349,919</u>	<u>\$ 1,350,191</u>	<u>\$ 1,318,188</u>	<u>\$ 3,169,152</u>	

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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, 2012 were computed as follows:

Equalized Valuation (Certified August 2012)	<u>\$ 1,400,648,100</u>
Legal Debt Capacity (5% of Equalized Value)	\$ 70,032,405
Total General Obligation Debt Subject to Limitation	<u>8,715,642</u>
Unused Borrowing Capacity at 12/31/2012	<u>\$ 61,316,763</u>

**Land Contract Payable**

During 1992 the City entered into a land contract in the amount of \$420,000 for the purchase of a public works garage. During 2012, the City made a payment of \$40,108, resulting in no remaining balance on the land contracts payable at December 31, 2012.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

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

**Mortgage Revenue Bonds**

**Repayment Requirements.** Outstanding mortgage revenue bonds totaled \$1,507,780 at December 31, 2012. 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, 2012 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,	2013	\$ 109,593	\$ 9,028	\$ 118,621
\$1,682,740, due 5/1/15,	2014	113,071	5,495	118,566
interest at 3.173% (Clean Water	2015	116,658	1,851	118,509
Fund loan - biosolids facility)		<u>339,322</u>	<u>16,374</u>	<u>355,696</u>
Revenue Bonds dated 10/28/98,	2013	181,318	30,728	212,046
\$4,482,500 authorized, \$4,109,172	2014	186,487	25,485	211,972
issued through 12/31/00, due	2015	191,804	20,092	211,896
5/1/18, interest at 2.851% (Clean	2016	197,272	14,546	211,818
Water Fund loan - treatment plant)	2017	202,896	8,842	211,738
	2018	208,681	2,975	211,656
		<u>1,168,458</u>	<u>102,668</u>	<u>1,271,126</u>
Total Mortgage Revenue Bonds		<u>\$ 1,507,780</u>	<u>\$ 119,042</u>	<u>\$ 1,626,822</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 \$341,116 (see also Note 4.D).

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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 \$152,327 in the depreciation account at December 31, 2012. 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, 2012 was \$5,298,618, 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, 2012**

**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, 2012 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
<b>Major Funds:</b>						
General Fund	\$ 3,892,427	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Taxes	-	5,129	-	-	-	-
Prepayments	-	40,420	-	-	-	-
Advances to Other Funds	-	243,975	-	-	-	-
Unused Tourism Dollars	-	-	23,648	-	-	-
Police Equipment	-	-	-	-	22,375	-
Fire Equipment	-	-	-	-	53,384	-
BOGO Tree Funds	-	-	-	-	2,946	-
Unassigned	-	-	-	-	-	3,500,550
Joint Library Fund	252,477	-	252,477	-	-	-
Impact Fees Fund	3,373,658	-	3,373,658	-	-	-
Debt Service Fund	4,092	-	4,092	-	-	-
Capital Projects Fund	1,298,290	-	-	1,298,290	-	-
<b>Nonmajor Funds:</b>						
<b>Special Revenue Funds:</b>						
Cable Access Board Fund	779,081	-	-	779,081	-	-
Sewer Collection System Replacement Fund	820,263	-	-	820,263	-	-
Stormwater Fund	228,802	-	228,802	-	-	-
Parks Dedication Fees Fund	314,907	-	314,907	-	-	-
Police Donations Fund	12,475	-	12,475	-	-	-
Police Drug Forfeitures Fund	748	-	748	-	-	-
Business Park Revolving Loan Fund	476,602	-	476,602	-	-	-
Total Governmental Fund Balances at December 31, 2012	<u>\$ 11,453,822</u>	<u>\$ 289,524</u>	<u>\$ 4,687,409</u>	<u>\$ 2,897,634</u>	<u>\$ 78,705</u>	<u>\$ 3,500,550</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, 2012 totaled \$55,373. 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 deferred revenue. The balance in the fund at December 31, 2012 totaled \$476,602.

**CITY OF HUDSON, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2012**

**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. Contribution rates for 2012 are summarized below.

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.90%	5.90%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.90%	9.00%
Protective without Social Security	5.90%	11.30%

The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Employers are required to contribute the remainder of the actuarially determined contribution rate.

The payroll for City employees covered by the WRS for the year ended December 31, 2012 was \$4,569,308; the employer's total payroll was \$4,880,379. The total required contribution for the year ended December 31, 2012 was \$613,129 which consisted of \$343,324, or 7.5% of payroll from the employer and \$269,805 or 5.9% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$612,161 and \$569,468, respectively, equal to the required contributions for each year.

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

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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**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, 2012 were \$306,985 for governmental funds and \$102,540 for enterprise funds.

**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, 2012 totaled \$56,948. This amount is reflected as a liability in the government-wide financial statements for governmental activities.

**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).

**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 2012, the City contributed an estimated \$39,509 to the plan under this basis.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

**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	13,900
Adjustment to Annual Required Contribution	<u>(19,137)</u>
Annual OPEB Cost (Expense)	180,976
Employer Contributions under PAYGO Basis	<u>(39,509)</u>
Increase in Net OPEB Obligation	141,467
Net OPEB Obligation - Beginning of Year	<u>308,894</u>
Net OPEB Obligation - End of Year	<u><u>\$ 450,361</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 180,976	\$ 39,509	21.8%	\$ 450,361
12/31/2011	134,823	75,159	55.7	308,894
12/31/2010	135,985	71,570	52.6	249,230

**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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

**Funded Status and Funding Progress (Continued)**

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, 2012 is less than 30 years.

**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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Participation in Biosolids Facility (Continued)**

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, 2012 relating to the mortgage revenue bonds and the grant were \$341,116 and \$104,152, respectively. The receivable relating to the revenue bonds consisted of the outstanding debt of \$339,322 (of which \$109,593 was classified as current) plus accrued interest of \$1,794. 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 2012 were \$11,126. Future annual expenditures are expected to be similar to current year expenditures.

**F. 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 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.

**CITY OF HUDSON, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Commitments**

As of December 31, 2012, the City had commitments of \$577,737 to Total Mechanical Services for work on the sewer digester mixing and SCADA project and \$52,014 to Monarch Paving for work on various road improvement projects. These amounts will be spent within the next year.

**H. Prior Period Adjustment**

The government-wide statements are adjusted for an error in capital asset recording in prior years. The adjustment removes sewer infrastructure assets from governmental activities that are also recorded in the sewer enterprise fund. The adjustment is net of related accumulated depreciation. A summary of the correct to net position is as follows:

Net Position Increase (Decrease):	
Capital Asset Correction	\$ (1,334,430)
Accumulated Depreciation Correction	<u>582,944</u>
Net Position Restatement	<u><u>\$ (751,486)</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUDSON, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 5,308,266	\$ 5,323,266	\$ 5,341,438	\$ 18,172
Intergovernmental	891,809	891,809	866,908	(24,901)
Licenses and Permits	207,430	229,430	372,531	143,101
Fines and Forfeits	152,000	152,000	102,700	(49,300)
Public Charges for Services	91,200	91,200	130,967	39,767
Intergovernmental Charges for Services	455,330	455,330	448,469	(6,861)
Miscellaneous:				
Interest	60,000	60,000	37,283	(22,717)
Rent	134,200	134,200	139,928	5,728
Other	40,000	40,000	16,251	(23,749)
Total Revenues	<u>7,340,235</u>	<u>7,377,235</u>	<u>7,456,475</u>	<u>79,240</u>
<b>EXPENDITURES:</b>				
General Government	1,571,403	1,524,563	1,412,414	112,149
Public Safety	3,718,887	3,804,687	3,689,849	114,838
Transportation Facilities	1,360,185	1,352,196	1,300,806	51,390
Sanitation	52,734	56,334	45,269	11,065
Health and Human Services	17,000	17,000	16,914	86
Culture, Recreation and Education	504,280	564,780	569,410	(4,630)
Conservation and Development	238,836	318,286	252,699	65,587
Total Expenditures	<u>7,463,325</u>	<u>7,637,846</u>	<u>7,287,361</u>	<u>350,485</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(123,090)	(260,611)	169,114	429,725
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of Property	2,000	8,000	14,377	6,377
Transfers In	400,000	400,000	471,781	71,781
Transfers Out	(278,910)	(278,910)	(278,910)	-
Total Other Financing Sources (Uses)	<u>123,090</u>	<u>129,090</u>	<u>207,248</u>	<u>78,158</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	<u>\$ -</u>	<u>\$ (131,521)</u>	376,362	<u>\$ 507,883</u>
Fund Balance, January 1			<u>3,516,065</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 3,892,427</u>	

See Notes to Required Supplementary Information

**SCHEDULE 2**

**CITY OF HUDSON, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
JOINT LIBRARY FUND  
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Public Charges for Services	\$ 50,000	\$ 50,000	\$ 44,272	\$ (5,728)
Intergovernmental Charges for Services	429,730	429,730	429,733	3
Miscellaneous:				
Interest	2,000	2,000	2,642	642
Donations	15,000	15,000	44,560	29,560
Other	-	-	601	601
Total Revenues	<u>496,730</u>	<u>496,730</u>	<u>521,808</u>	<u>25,078</u>
<b>EXPENDITURES:</b>				
Culture, Recreation and Education	<u>861,489</u>	<u>861,489</u>	<u>843,914</u>	<u>17,575</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(364,759)	(364,759)	(322,106)	42,653
<b>OTHER FINANCING SOURCES:</b>				
Transfer from Other Funds	<u>278,910</u>	<u>278,910</u>	<u>280,270</u>	<u>1,360</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (85,849)</u>	<u>\$ (85,849)</u>	<u>(41,836)</u>	<u>\$ 44,013</u>
Fund Balance, January 1			<u>294,313</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 252,477</u>	

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, 2012**

**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'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, 2012**

	Special Revenue Funds						Total Nonmajor Governmental Funds	
	Community Access Board	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund		Stormwater Fund
<b>ASSETS</b>								
Cash and Investments	\$ 736,933	\$ 820,263	\$ 314,907	\$ 12,475	\$ 748	\$ 476,602	\$ 148,277	\$ 2,510,205
Accounts Receivable	48,488	-	-	-	-	-	89,341	137,829
Long-Term Receivables	-	-	-	-	-	55,373	-	55,373
<b>Total Assets</b>	<b><u>\$ 785,421</u></b>	<b><u>\$ 820,263</u></b>	<b><u>\$ 314,907</u></b>	<b><u>\$ 12,475</u></b>	<b><u>\$ 748</u></b>	<b><u>\$ 531,975</u></b>	<b><u>\$ 237,618</u></b>	<b><u>\$ 2,703,407</u></b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Vouchers and Accounts Payable	\$ 3,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,816	\$ 12,603
Accrued Wages	2,553	-	-	-	-	-	-	2,553
Deferred Revenues:								
Revolving Loans Receivable	-	-	-	-	-	55,373	-	55,373
<b>Total Liabilities</b>	<b><u>6,340</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>55,373</u></b>	<b><u>8,816</u></b>	<b><u>70,529</u></b>
<b>Fund Balances:</b>								
Restricted	-	-	314,907	12,475	748	476,602	228,802	1,033,534
Committed	779,081	820,263	-	-	-	-	-	1,599,344
<b>Total Fund Balances</b>	<b><u>779,081</u></b>	<b><u>820,263</u></b>	<b><u>314,907</u></b>	<b><u>12,475</u></b>	<b><u>748</u></b>	<b><u>476,602</u></b>	<b><u>228,802</u></b>	<b><u>2,632,878</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 785,421</u></b>	<b><u>\$ 820,263</u></b>	<b><u>\$ 314,907</u></b>	<b><u>\$ 12,475</u></b>	<b><u>\$ 748</u></b>	<b><u>\$ 531,975</u></b>	<b><u>\$ 237,618</u></b>	<b><u>\$ 2,703,407</u></b>

**CITY OF HUDSON, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Community Access Board	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	
<b>REVENUES:</b>							
Licenses and Permits	\$ 200,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,338
Public Charges for Services	5,185	59,720	-	-	-	293,522	358,427
Miscellaneous:							
Allocated Investment Earnings	5,483	5,865	2,629	76	5	3,400	17,458
Loan Repayments - Interest	-	-	-	-	-	3,432	3,432
Loan Repayments - Principal	-	-	-	-	-	51,225	51,225
Other	120	-	75,190	3,463	-	400	79,173
Total Revenues	<u>211,126</u>	<u>65,585</u>	<u>77,819</u>	<u>3,539</u>	<u>5</u>	<u>58,057</u>	<u>293,922</u>
<b>EXPENDITURES:</b>							
Public Safety	-	-	-	368	-	-	368
Transportation Facilities	-	-	-	-	-	65,120	65,120
Culture, Recreation and Education	157,747	-	68,266	-	-	-	226,013
Conservation and Development	-	-	-	-	-	1,560	1,560
Total Expenditures	<u>157,747</u>	<u>-</u>	<u>68,266</u>	<u>368</u>	<u>-</u>	<u>1,560</u>	<u>293,061</u>
<b>NET CHANGE IN FUND BALANCES</b>	53,379	65,585	9,553	3,171	5	56,497	416,992
Fund Balances, January 1	<u>725,702</u>	<u>754,678</u>	<u>305,354</u>	<u>9,304</u>	<u>743</u>	<u>420,105</u>	<u>-</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 779,081</u>	<u>\$ 820,263</u>	<u>\$ 314,907</u>	<u>\$ 12,475</u>	<u>\$ 748</u>	<u>\$ 476,602</u>	<u>\$ 228,802</u>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED BALANCE SHEET  
DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011)**

	2012	2011
<b>ASSETS</b>		
Treasurer's Cash and Investments	\$ 4,500,554	\$ 4,079,610
Petty Cash	900	900
Current Taxes Receivable	4,741,631	4,846,932
Delinquent Personal Property Taxes	5,129	14,719
Accounts Receivable	56,501	109,926
Due from Other Governmental Units	36,726	16,033
Advances to Other Funds	243,975	126,616
Prepayments	40,420	39,816
	\$ 9,625,836	\$ 9,234,552
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Vouchers and Accounts Payable	\$ 256,896	\$ 292,837
Payroll Withholdings	43,391	25,121
Accrued Wages	110,411	107,606
Due to Other Governmental Units	12,572	5,061
Deferred Revenues:		
Tax Roll Items:		
General Property Taxes	5,177,823	5,163,667
Special Deposits	132,316	124,195
Total Liabilities	5,733,409	5,718,487
<b>Fund Balance:</b>		
Nonspendable		
Delinquent Taxes	5,129	14,719
Prepayments	40,420	39,816
Advances to Other Funds	243,975	126,616
Restricted	23,648	17,186
Assigned	78,705	70,729
Unassigned	3,500,550	3,246,999
Total Fund Balance	3,892,427	3,516,065
	\$ 9,625,836	\$ 9,234,552
Total Liabilities and Fund Balance	\$ 9,625,836	\$ 9,234,552

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2012**

	Balance 1/1/12	Revenues/Other Sources			Net Transfers From (To) General Fund	Total Available	Expenditures/ Transfers to Other Funds	Balance 12/31/12
		Tax Levy	Interest	Other				
<b>Nonspendable:</b>								
Delinquent Taxes	\$ 14,719	\$ -	\$ -	\$ -	\$ (9,590)	\$ 5,129	\$ -	\$ 5,129
Advances to Other Funds	126,616	-	-	-	117,359	243,975	-	243,975
Prepayments	39,816	-	-	-	604	40,420	-	40,420
<b>Total Nonspendable</b>	<b>\$ 181,151</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,373</b>	<b>\$ 289,524</b>	<b>\$ -</b>	<b>\$ 289,524</b>
<b>Restricted:</b>								
Unused Tourism Dollars	\$ 17,186	\$ -	\$ -	\$ 165,304	\$ -	\$ 182,490	\$ 158,842	\$ 23,648
<b>Assigned:</b>								
Police Equipment	\$ 15,855	\$ -	\$ 111	\$ 13,909	\$ -	\$ 29,875	\$ 7,500	\$ 22,375
Fire Equipment	51,151	-	396	1,837	-	53,384	-	53,384
BOGO Tree Funds	3,723	-	28	733	-	4,484	1,538	2,946
<b>Total Assigned</b>	<b>\$ 70,729</b>	<b>\$ -</b>	<b>\$ 535</b>	<b>\$ 16,479</b>	<b>\$ -</b>	<b>\$ 87,743</b>	<b>\$ 9,038</b>	<b>\$ 78,705</b>

**CITY OF HUDSON, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance - Positive (Negative)	2011 Actual
	Final Budget	Actual		
<b>REVENUES:</b>				
<b>Taxes:</b>				
General Property Taxes	\$ 5,163,666	\$ 5,163,667	\$ 1	\$ 5,103,711
Room Tax	150,000	165,303	15,303	150,045
Payment in Lieu of Taxes:				
Housing Authority	9,600	10,000	400	9,945
Other Taxes	-	1,368	1,368	2,448
Interest and Penalties on Taxes	-	1,100	1,100	2,197
Total Taxes	<u>5,323,266</u>	<u>5,341,438</u>	<u>18,172</u>	<u>5,268,346</u>
<b>Intergovernmental:</b>				
State Shared Taxes	168,607	168,760	153	197,328
State Aid for Exempt Computers	27,527	27,522	(5)	24,538
State Fire Insurance Tax	43,000	47,586	4,586	42,783
State Aid for Police Training	7,000	4,460	(2,540)	5,400
State Aid for Highway Safety	-	-	-	2,497
State Transportation Aids	593,675	593,665	(10)	657,591
Payment for Municipal Services	1,000	794	(206)	962
County Recycling Grant	20,000	14,627	(5,373)	19,529
DNR Urban Forestry Grant	25,000	-	(25,000)	16,033
DNR PILT	-	-	-	159
Other Intergovernmental Aids	6,000	9,494	3,494	10,193
Total Intergovernmental	<u>891,809</u>	<u>866,908</u>	<u>(24,901)</u>	<u>977,013</u>
<b>Licenses and Permits:</b>				
Business and Occupational Licenses:				
Liquor and Malt Beverage	27,000	37,822	10,822	26,554
Other	13,180	13,973	793	14,513
Dog Licenses (Including County Refund)	7,000	3,514	(3,486)	4,830
Cat Licenses	800	670	(130)	629
Building Permits	172,000	306,405	134,405	163,354
Other Permits	4,950	6,950	2,000	6,435
Filing Fees	4,500	3,197	(1,303)	6,723
Total Licenses and Permits	<u>229,430</u>	<u>372,531</u>	<u>143,101</u>	<u>223,038</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, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance - Positive (Negative)	2011 Actual
	Final Budget	Actual		
<b>REVENUES: (CONTINUED)</b>				
<b>Fines and Forfeits:</b>				
Court Penalties and Costs	\$ 150,000	\$ 100,723	\$ (49,277)	\$ 98,344
County Court/Miscellaneous	2,000	1,977	(23)	1,513
Total Fines and Forfeits	<u>152,000</u>	<u>102,700</u>	<u>(49,300)</u>	<u>99,857</u>
<b>Public Charges for Services:</b>				
General Government:				
License Publication Fees	300	161	(139)	224
Maps, Copies and Photos	2,400	1,766	(634)	2,099
Tax Exempt Property Fees	-	250	250	-
Assessment Search Fees	4,000	7,925	3,925	4,950
Administration Charge to Business Park	12,500	9,314	(3,186)	12,423
Public Safety:				
Police Special OT	2,000	84	(1,916)	1,024
Public Education Fees	-	355	355	100
Casual Call Reimbursement	1,000	598	(402)	735
Public Works:				
Banner Permits	-	-	-	180
Maintenance Charges	-	5,745	5,745	-
Weed and Nuisance Charges	-	4,199	4,199	-
Culture, Recreation and Education:				
Parks and Recreation	11,000	34,199	23,199	31,310
Boat Launching	42,000	51,125	9,125	21,321
Sail Boat Mooring	16,000	15,246	(754)	15,087
Total Public Charges for Services	<u>91,200</u>	<u>130,967</u>	<u>39,767</u>	<u>89,453</u>
<b>Intergovernmental Charges for Services:</b>				
Other Local Governments:				
Fire Protection - Contracts	351,930	352,699	769	365,257
School Liaison Officer - School Share	80,000	72,561	(7,439)	72,816
Police Labor Reimbursement	-	797	797	-
Elections	-	872	872	-
Local Departments/Funds:				
Library - Administrative Charge	15,000	13,140	(1,860)	12,096
Cable TV Administrative Charge	8,400	8,400	-	8,400
Total Intergovernmental Charges for Services	<u>455,330</u>	<u>448,469</u>	<u>(6,861)</u>	<u>458,569</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, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance - Positive (Negative)	2011 Actual
	Final Budget	Actual		
<b>REVENUES: (CONTINUED)</b>				
<b>Miscellaneous:</b>				
Interest on Investments	\$ 60,000	\$ 37,283	\$ (22,717)	\$ 60,220
MB Occupancy Costs	121,200	126,608	5,408	119,035
Rent of City Buildings and Property	8,000	7,500	(500)	7,575
Rent Charge to Ambulance Utility	5,000	5,820	820	5,820
Insurance Reimbursements	18,000	5,687	(12,313)	22,047
Donations	2,000	3,214	1,214	6,662
Other Refunds and Reimbursements	20,000	7,350	(12,650)	40,296
Total Miscellaneous	234,200	193,462	(40,738)	261,655
Total Revenues	7,377,235	7,456,475	79,240	7,377,931
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Mayor and Council	50,278	49,754	524	49,119
Municipal Court	141,457	133,094	8,363	136,107
City Attorney/Other Legal	118,400	117,877	523	103,718
Clerk-Treasurer	325,229	305,765	19,464	283,385
Clerk-Treasurer Outlay	1,400	1,122	278	999
Administrator	76,817	76,250	567	74,867
Labor Negotiator/Drug Test	19,600	19,585	15	26,175
Information Technology	139,522	129,397	10,125	132,988
Information Technology Outlay	12,000	7,434	4,566	-
Elections	40,860	39,590	1,270	21,005
Assessment of Property	69,369	60,659	8,710	87,034
Insurance/Unallocated	163,100	162,201	899	156,364
City Hall	119,664	117,592	2,072	117,351
Municipal Building	224,367	186,584	37,783	185,025
Write Off Receivables/Taxes	-	-	-	22,066
Illegal Taxes and Refunds	-	1,950	(1,950)	267
Contingency/Special Projects	22,500	3,560	18,940	21,793
Total General Government	1,524,563	1,412,414	112,149	1,418,263

CITY OF HUDSON, WISCONSIN  
GENERAL FUND

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance - Positive (Negative)	2011 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Public Safety:</b>				
Police Administration	\$ 556,230	\$ 527,297	\$ 28,933	\$ 527,443
Police Patrol	1,953,608	1,935,990	17,618	1,882,884
Police Patrol Outlay	35,000	33,156	1,844	63,643
Criminal Investigation	235,575	229,183	6,392	340,654
Police Department MEG	-	-	-	353
School Officer	109,594	107,124	2,470	104,433
Police and Fire Commission	2,700	1,790	910	1,143
Fire Department	394,614	413,650	(19,036)	411,999
Fire Department Outlay	78,500	26,532	51,968	26,398
Fire Department Training	46,697	46,712	(15)	40,059
Fire Department Officers	33,529	33,079	450	33,622
Fire Deferred Compensation Wages	21,730	18,017	3,713	18,163
Fire Mechanic Wages	9,840	8,605	1,235	8,287
Fire Administration	30,179	29,757	422	31,453
Ambulance Subsidy	159,875	159,875	-	148,750
Building Inspection	129,516	114,329	15,187	109,428
Disaster Control	-	-	-	1,531
Emergency Government - Sirens	4,500	3,522	978	2,984
Emergency Government - Sirens Outlay	2,000	-	2,000	-
Dams	1,000	1,231	(231)	1,407
Total Public Safety	3,804,687	3,689,849	114,838	3,754,634
<b>Transportation Facilities:</b>				
<b>Streets and Related Facilities:</b>				
Director of Public Works	133,543	134,991	(1,448)	131,703
Machinery and Equipment	208,749	206,858	1,891	199,118
Garage - Storage Sheds	33,517	30,995	2,522	38,393
Garage - Storage Sheds Outlay	43,061	36,240	6,821	21,987
West Garage	5,550	3,368	2,182	9,289
Street Maintenance	601,859	575,376	26,483	729,677

CITY OF HUDSON, WISCONSIN  
GENERAL FUND

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance - Positive (Negative)	2011 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Transportation Facilities: (Continued)</b>				
Streets and Related Facilities: (Continued)				
Street Maintenance Outlay	\$ 7,800	\$ 7,800	\$ -	\$ -
Highways 94 and 35	18,720	19,172	(452)	18,168
Street Lighting	181,561	181,239	322	172,616
Street Signs and Markings	43,782	36,042	7,740	41,642
Stop and Go Lights	27,454	24,435	3,019	27,347
Sidewalks and Crosswalks	2,200	1,571	629	3,049
Curb and Gutter	5,681	5,962	(281)	7,940
Storm Sewers	38,719	36,757	1,962	79,887
Total Transportation Facilities	1,352,196	1,300,806	51,390	1,480,816
<b>Sanitation:</b>				
Landfill	16,600	15,002	1,598	6,311
Weed Control	24,963	24,833	130	20,613
Recycling Coordinator	14,771	5,434	9,337	22,744
Total Sanitation	56,334	45,269	11,065	49,668
<b>Health and Human Services:</b>				
Sealer of Weights and Measures	6,000	6,000	-	6,000
Animal Control	11,000	10,914	86	11,303
Total Health and Human Services	17,000	16,914	86	17,303
<b>Culture, Recreation and Education:</b>				
Community Subsidies	148,700	157,783	(9,083)	145,616
Parks:				
Parks Administration	89,523	89,890	(367)	89,180
General Park Maintenance	244,001	239,748	4,253	185,157
Lakefront Park	37,688	36,913	775	38,233

CITY OF HUDSON, WISCONSIN  
GENERAL FUND

DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)

	2012		Variance - Positive (Negative)	2011 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Culture, Recreation and Education: (Continued)</b>				
Parks: (Continued)				
Grandview Park	\$ 43,568	\$ 44,017	\$ (449)	\$ 48,311
Celebrations	1,300	1,059	241	2,583
Total Culture, Recreation and Education	<u>564,780</u>	<u>569,410</u>	<u>(4,630)</u>	<u>509,080</u>
<b>Conservation and Development:</b>				
Shade Tree Control	62,255	61,497	758	21,695
Shade Tree Outlay	-	-	-	29,897
Community Development	203,031	190,157	12,874	193,484
Community Development Outlay	53,000	1,045	51,955	-
Total Conservation and Development	<u>318,286</u>	<u>252,699</u>	<u>65,587</u>	<u>245,076</u>
Total Expenditures	<u>7,637,846</u>	<u>7,287,361</u>	<u>350,485</u>	<u>7,474,840</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(260,611)	169,114	429,725	(96,909)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of City Property	8,000	14,377	6,377	23,219
Transfers In:				
From Water Utility - Tax Equivalent	350,000	419,779	69,779	379,272
From Sewer Utility - Tax Equivalent	50,000	52,002	2,002	49,709
Transfers Out:				
To Special Revenue Funds	(278,910)	(278,910)	-	(274,685)
Total Other Financing Sources (Uses)	<u>129,090</u>	<u>207,248</u>	<u>78,158</u>	<u>177,515</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (131,521)</u>	<u>376,362</u>	<u>\$ 507,883</u>	<u>80,606</u>
Fund Balance, January 1		<u>3,516,065</u>		<u>3,435,459</u>
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 3,892,427</u>		<u>\$ 3,516,065</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, 2012**

	Burton Park	Walnut Bridge	2011 Capital Projects	2011 Street Projects	2012 Capital Projects	2012 Capital Equipment
<b>REVENUES:</b>						
Reimbursements - Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements - Assessments Interest	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-	-
Allocated Investments Earnings	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>						
Construction/Capital Outlay	<u>2,245</u>	<u>-</u>	<u>15,318</u>	<u>39,501</u>	<u>6,148</u>	<u>102,567</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,245)	-	(15,318)	(39,501)	(6,148)	(102,567)
<b>OTHER FINANCING SOURCES (USES):</b>						
Allocation of Balances	<u>(4,755)</u>	<u>(4,518)</u>	<u>(2,978)</u>	<u>-</u>	<u>6,148</u>	<u>130,592</u>
<b>NET CHANGE IN FUND BALANCE</b>	(7,000)	(4,518)	(18,296)	(39,501)	-	28,025
Project Balance, January 1	<u>7,000</u>	<u>4,518</u>	<u>60,298</u>	<u>39,501</u>	<u>-</u>	<u>-</u>
<b>PROJECT BALANCE, DECEMBER 31</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 42,002</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,025</u></u>
<b>COMPONENTS OF PROJECT BALANCE:</b>						
Allocated Treasurer's Cash	\$ -	\$ -	\$ 42,002	\$ -	\$ -	\$ 28,170
Accounts Receivable	-	-	-	-	-	-
Vouchers Payable YE Check Runs	-	-	-	-	-	(145)
Project Balances December 31, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 42,002</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,025</u></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, 2012**

	2012 Parks Projects	2012 Streets Projects	2012 Storm Water Projects	Public Works Equipment	Unfunded/ Residual Projects	Total
<b>REVENUES:</b>						
Reimbursements - Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ 116,575	\$ 116,575
Reimbursements - Assessments Interest	-	-	-	-	11,721	11,721
Sale of Fixed Assets	-	-	-	12,196	-	12,196
Allocated Investments Earnings	-	-	-	8	15,722	15,730
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,204</u>	<u>144,018</u>	<u>156,222</u>
<b>EXPENDITURES:</b>						
Construction/Capital Outlay	<u>20,583</u>	<u>695,795</u>	<u>168,875</u>	<u>12,939</u>	<u>-</u>	<u>1,063,971</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(20,583)	(695,795)	(168,875)	(735)	144,018	(907,749)
<b>OTHER FINANCING SOURCES (USES):</b>						
Allocation of Balances	<u>33,109</u>	<u>830,512</u>	<u>194,535</u>	<u>735</u>	<u>(1,183,380)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	12,526	134,717	25,660	-	(1,039,362)	(907,749)
Project Balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,094,722</u>	<u>2,206,039</u>
<b>PROJECT BALANCE, DECEMBER 31</b>	<u><u>\$ 12,526</u></u>	<u><u>\$ 134,717</u></u>	<u><u>\$ 25,660</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,055,360</u></u>	<u><u>\$ 1,298,290</u></u>
<b>COMPONENTS OF PROJECT BALANCE:</b>						
Allocated Treasurer's Cash	\$ 12,526	\$ 214,849	\$ 96,727	\$ 12,939	\$ 1,034,763	\$ 1,441,976
Accounts Receivable	-	-	-	-	20,597	20,597
Vouchers Payable YE Check Runs	-	(80,132)	(71,067)	(12,939)	-	(164,283)
Project Balances December 31, 2012	<u><u>\$ 12,526</u></u>	<u><u>\$ 134,717</u></u>	<u><u>\$ 25,660</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,055,360</u></u>	<u><u>\$ 1,298,290</u></u>

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011)**

	2012	2011
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ 6,541,046	\$ 5,779,228
Future Facilities Account	94,344	93,621
Customer Accounts Receivable	577,324	560,206
Accounts Receivable on Tax Roll	103,535	115,019
Other Accounts Receivable	77,192	19,928
Due from Other Governmental Units	34,382	30,053
Inventories	31,075	29,709
Total Current Assets	7,458,898	6,627,764
<b>Restricted Assets:</b>		
Cash and Investments:		
Carmichael Impact Assessments	584,564	48,723
<b>Capital Assets:</b>		
Utility Plant in Service	30,840,710	30,508,281
Less Accumulated Depreciation	9,784,013	9,042,028
Net Utility Plant in Service	21,056,697	21,466,253
Construction Work in Progress	943,894	939,697
Total Capital Assets	22,000,591	22,405,950
Total Assets	\$ 30,044,053	\$ 29,082,437
<b>LIABILITIES</b>		
<b>Current Liabilities Payable from Current Assets:</b>		
Vouchers and Accounts Payable	\$ 46,493	\$ 49,522
Due Other Governmental Units	13,967	14,412
Security Deposits	51,511	46,282
Accrued Employee Liabilities	61,086	52,463
Accrued Wages	22,324	22,031
Total Current Liabilities Payable From Current Assets	195,381	184,710
Current Assets		
<b>Long-Term Liabilities (Net of Current Portion):</b>		
Other Postemployment Benefits Payable	49,824	35,681
Total Liabilities	245,205	220,391
<b>NET POSITION</b>		
Net Investment in Capital Assets	22,000,591	22,405,950
Restricted for Impact Assessments	584,564	48,723
Unrestricted	7,213,693	6,407,373
Total Net Position	29,798,848	28,862,046
Total Liabilities and Net Position	\$ 30,044,053	\$ 29,082,437

**CITY OF HUDSON, WISCONSIN**  
**WATER UTILITY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2012**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)

	2012	2011
<b>OPERATING REVENUES:</b>		
Sales of Water:		
Residential	\$ 1,057,176	\$ 969,019
Commercial	475,066	430,095
Industrial	23,637	19,939
Public Authorities	45,240	42,607
Metered Sales to Temporary Customers	42,043	4,262
Public Fire Protection	677,660	667,645
Private Fire Protection	131,741	126,868
Total Sales of Water	2,452,563	2,260,435
Other Operating Revenues:		
Forfeited Discounts	30,690	15,403
Tower Leasing	225,184	211,218
Meter Charge to Sewer	142,084	150,374
Other Operating Revenues	16,905	16,560
Total Other Operating Revenues	414,863	393,555
Total Operating Revenues	2,867,426	2,653,990
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance	1,579,468	1,463,366
Depreciation	750,792	747,993
Total Operating Expenses	2,330,260	2,211,359
<b>OPERATING INCOME</b>	537,166	442,631
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	49,694	69,944
Gain/Loss on Sale of Capital Assets	-	1,176
Total Nonoperating Revenues (Expenses)	49,694	71,120
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	586,860	513,751
<b>CAPITAL CONTRIBUTIONS:</b>		
Plant Contributed by Developers	238,140	62,610
Impact Fees Applied	531,581	14,710
Total Capital Contributions	769,721	77,320
<b>TRANSFERS:</b>		
Transfer to General Fund	(419,779)	(379,272)
<b>CHANGE IN NET POSITION</b>	936,802	211,799
Net Position, January 1	28,862,046	28,650,247
<b>NET POSITION, DECEMBER 31</b>	\$ 29,798,848	\$ 28,862,046

**CITY OF HUDSON, WISCONSIN  
 WATER UTILITY ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2012  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,985,684	\$ 1,876,068
Cash Received for Public Fire Protection	677,660	667,645
Cash Received for Sewer Share of Meter Related Expense	142,084	150,374
Cash Payments to Suppliers for Goods and Services	(692,298)	(595,731)
Cash Payments for Employee Services	(868,951)	(833,056)
Net Cash Provided by Operating Activities	<u>1,244,179</u>	<u>1,265,300</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Payments for Tax Equivalents	(419,779)	(379,272)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(101,037)	(615,912)
Cash Payments for Removal of Capital Assets	(6,256)	-
Cash Received for Salvage of Capital Assets	-	1,176
Cash Received for Impact Fees	531,581	14,710
Net Cash Used for Capital and Related Financing Activities	<u>424,288</u>	<u>(600,026)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>49,694</u>	<u>69,944</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>1,298,382</u>	<u>355,946</u>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>5,921,572</u>	<u>5,565,626</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u><u>\$ 7,219,954</u></u>	<u><u>\$ 5,921,572</u></u>

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012	2011
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 537,166	\$ 442,631
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	750,792	747,993
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(17,118)	11,464
Accounts Receivable on Tax Roll	11,484	46,850
Other Accounts Receivable	(57,264)	(9,292)
Due from Other Governmental Units	(4,329)	(2,019)
Inventories	(1,366)	1,112
Increase (Decrease) in Liabilities:		
Accounts Payable	(3,029)	8,465
Special Deposits	5,229	(6,906)
Accrued Wages	293	2,213
Accrued Employee Benefits	22,766	8,377
Due to Other Governmental Units	(445)	14,412
	<u>\$ 1,244,179</u>	<u>\$ 1,265,300</u>
 <b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 6,635,390	\$ 5,872,849
Cash and Investments - Restricted	584,564	48,723
	<u>\$ 7,219,954</u>	<u>\$ 5,921,572</u>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Capital Assets Financed by Customers and Developers	\$ 238,140	\$ 62,610

**CITY OF HUDSON, WISCONSIN**  
**WATER UTILITY ENTERPRISE FUND**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES**  
**YEAR ENDED DECEMBER 31, 2012**  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)

	<u>2012</u>	<u>2011</u>
<b>Pumping:</b>		
Salaries and Wages	\$ 77,579	\$ 90,475
Fringe Benefits	40,994	46,144
Power Purchased for Pumping	162,462	148,317
Operating Supplies	43,458	60,046
Maintenance of Structures and Improvements	12,700	12,981
Maintenance of Pumping Plant	58,638	33,784
Total Pumping	<u>395,831</u>	<u>391,747</u>
<b>Water Treatment:</b>		
Salaries and Wages	39,585	40,823
Fringe Benefits	21,436	21,829
Operating Supplies	7,274	8,634
Chemicals	36,972	33,220
Maintenance Supplies	4,888	2,561
Total Water Treatment	<u>110,155</u>	<u>107,067</u>
<b>Transmission and Distribution:</b>		
General Transmission and Distribution Expenses:		
Salaries and Wages	222,448	165,211
Fringe Benefits	102,993	88,298
Operating Supplies	8,006	2,818
Maintenance:		
Reservoirs and Towers:		
Salaries and Wages	558	467
Fringe Benefits	312	226
Other Expenses	14,186	23,633
Mains:		
Salaries and Wages	3,178	669
Fringe Benefits	1,697	469
Payment to North Hudson	88,747	90,588
Other Expenses	43,756	23,326
Services:		
Salaries and Wages	785	400
Fringe Benefits	253	296
Other Expenses	6,485	11,847

**CITY OF HUDSON, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	<u>2012</u>	<u>2011</u>
<b>Transmission and Distribution (Continued):</b>		
Meters:		
Salaries and Wages	\$ 22,483	\$ 37,009
Fringe Benefits	12,797	17,618
Other Expenses	8,470	4,600
Hydrants:		
Salaries and Wages	5,582	2,229
Fringe Benefits	1,212	566
Other Expenses	5,131	1,243
Total Transmission and Distribution	<u>549,079</u>	<u>471,513</u>
<b>Meter Reading:</b>		
Salaries and Wages	8,273	6,178
Fringe Benefits	4,213	3,288
Other Expenses	2,702	1,710
Total Meter Reading	<u>15,188</u>	<u>11,176</u>
<b>Customer Accounting and Collection:</b>		
Salaries and Wages	20,144	24,950
Fringe Benefits	18,627	18,735
Other Expenses	10,925	10,313
Total Customer Accounting and Collection	<u>49,696</u>	<u>53,998</u>
<b>Administrative and General:</b>		
Salaries and Wages	194,017	185,445
Fringe Benefits	91,236	84,145
Office Supplies and Expenses	31,945	25,592
Outside Services Employed	56,510	32,358
Insurance (except transportation)	37,730	34,891
Rents	4,800	4,800
Miscellaneous General Expense	2,050	2,965
Transportation:		
Salaries and Wages	828	5,343
Fringe Benefits	780	2,833
Insurance	6,925	5,719
Other Expenses	26,931	31,272
Maintenance of General Plant	5,767	12,302
Other	-	200
Total Administrative and General	<u>459,519</u>	<u>427,865</u>
<b>Total Operation and Maintenance Expenses</b>	<u><u>\$ 1,579,468</u></u>	<u><u>\$ 1,463,366</u></u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011)**

	2012	2011
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ 727,707	\$ 676,654
Future Facilities Account (Net of Debt Restriction)	5,108,618	5,413,499
Customer Accounts Receivable	402,724	397,899
Accounts Receivable on Tax Roll	80,933	83,630
Other Accounts Receivable	21,857	31,973
Due from Biosolids Facility:		
Current Portion of CWF Loan	109,593	106,223
Accrued Interest on CWF Loan	1,794	2,356
Due from Other Governmental Units	30,832	28,986
Total Current Assets	6,484,058	6,741,220
<b>Restricted Assets:</b>		
Cash and Investments:		
Revenue Bond Reserve Account	700	695
Revenue Bond Depreciation Account	152,327	151,159
Bond Redemption Account (from Future Facilities Account)	190,000	190,000
DNR Grant Replacement Account	1,731,771	1,706,765
Total Restricted Assets	2,074,798	2,048,619
<b>Capital Assets:</b>		
Construction Work in Progress	378,235	22,000
Utility Plant in Service	11,241,205	11,156,469
Less: Accumulated Depreciation	6,277,462	6,017,024
Net Capital Assets	5,341,978	5,161,445
<b>Other Assets:</b>		
Advance to Biosolids Facility:		
Clean Water Fund Loan (Less Current Portion)	229,729	339,322
Public Facilities Grant	104,152	143,563
Unamortized Debt Issuance Costs	355	479
Total Other Assets	334,236	483,364
<b>Total Assets</b>	\$ 14,235,070	\$ 14,434,648

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011)**

	2012	2011
<b>LIABILITIES</b>		
<b>Current Liabilities Payable from Current Assets:</b>		
Vouchers and Accounts Payable	\$ 195,490	\$ 59,612
Construction Contracts Payable	14,508	-
Due to Sewer Replacement Fund	-	57,726
Due to Other Governmental Units	49,680	38,880
Accrued Interest Payable	1,794	2,356
Accrued Employee Liabilities	32,197	31,515
Accrued Wages	16,319	16,199
Unearned Revenue	104,152	143,563
Current Portion of Long-Term Bonds	109,593	106,223
Total Current Liabilities Payable From Current Assets	523,733	456,074
<b>Current Liabilities Payable From Restricted Assets:</b>		
Accrued Interest Payable	5,552	6,390
Current Portion of Revenue Bonds	181,318	176,292
Total Current Liabilities Payable From Restricted Assets	186,870	182,682
<b>Long-Term Liabilities (Less Current Portion):</b>		
Other Postemployment Benefits Payable	22,146	11,539
Mortgage Revenue Bonds	1,216,869	1,507,780
Total Long-Term Liabilities (Net of Current Portion):	1,239,015	1,519,319
 Total Liabilities	 1,949,618	 2,158,075
<b>NET POSITION</b>		
Net Investment in Capital Assets	4,173,520	3,816,695
Restricted for Debt Service	337,475	335,464
Restricted for Asset Replacement	1,731,771	1,706,765
Unrestricted	6,042,686	6,417,649
 Total Net Position	 12,285,452	 12,276,573
 Total Liabilities and Net Position	 \$ 14,235,070	 \$ 14,434,648

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012	2011
<b>OPERATING REVENUES:</b>		
Charges for Services:		
Residential	\$ 888,083	\$ 1,047,065
Commercial	660,838	426,334
Industrial	19,439	17,079
Public Authority	44,649	44,834
Less Charges for City/Village Replacement Accounts	(72,409)	(69,624)
Net Charges for Services	1,540,600	1,465,688
Other:		
Forfeited Discounts	21,578	12,520
Dam Maintenance Charges	6,157	7,287
Other	449	29,912
Total Operating Revenues	1,568,784	1,515,407
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance	1,475,666	1,448,738
Depreciation	260,438	253,555
Total Operating Expenses	1,736,104	1,702,293
<b>OPERATING LOSS</b>	(167,320)	(186,886)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	61,910	99,874
Interest on Advance to Biosolids Facility	12,452	16,315
Hook-up Fees:		
City	200,842	191,519
Interest on Long-Term Debt	(46,879)	(55,738)
Net Amortization of Debt Discount and Expense	(124)	(141)
Total Nonoperating Revenues (Expenses)	228,201	251,829
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	60,881	64,943
<b>TRANSFERS:</b>		
Transfer to General Fund	(52,002)	(49,709)
<b>CHANGE IN NET POSITION</b>	8,879	15,234
Net Position, January 1	12,276,573	12,261,339
<b>NET POSITION, DECEMBER 31</b>	\$ 12,285,452	\$ 12,276,573

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Utility Customers	\$ 1,643,024	\$ 1,615,900
Cash Received for Dam Maintenance	6,157	7,287
Cash Paid for City/Village Surcharges	(121,181)	(26,033)
Cash Paid for Sewer Share of Meter Related Expense	(142,084)	(150,374)
Cash Payments to Suppliers for Goods and Services	(531,502)	(627,283)
Cash Payments for Employee Services	(654,793)	(625,135)
Net Cash Provided by (Used for) Operating Activities	<u>199,621</u>	<u>194,362</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Payments for Tax Equivalents	(52,002)	(49,709)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(426,463)	(148,733)
Cash Received as Utility Hook-up Fees	200,842	191,519
Principal Paid on Long-Term Debt	(176,292)	(171,404)
Interest Paid on Long-Term Debt	(35,265)	(40,237)
Net Cash Used for Capital and Related Financing Activities	<u>(437,178)</u>	<u>(168,855)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>61,910</u>	<u>99,874</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(227,649)	75,672
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>8,138,772</u>	<u>8,063,100</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 7,911,123</u>	<u>\$ 8,138,772</u>

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012	2011
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (167,320)	\$ (186,886)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	260,438	253,555
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(4,825)	46,075
Accounts Receivable on Tax Roll	2,697	24,054
Other Accounts Receivable	10,116	(31,973)
Due from Other Governments	(1,846)	7,436
Increase (Decrease) in Liabilities:		
Accounts Payable	135,878	29,679
Accrued Wages	120	1,158
Due to Other Government Units	10,800	8,925
Accrued Employee Benefits	11,289	(508)
Due to Other Funds	(57,726)	42,847
	<u>\$ 199,621</u>	<u>\$ 194,362</u>
Net Cash Provided by (Used for) Operating Activities		
	<u>\$ 199,621</u>	<u>\$ 194,362</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 5,836,325	\$ 6,090,153
Cash and Investments - Restricted	2,074,798	2,048,619
	<u>\$ 7,911,123</u>	<u>\$ 8,138,772</u>
Cash and Cash Equivalents		
	<u>\$ 7,911,123</u>	<u>\$ 8,138,772</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Utility Long-Term Debt Paid Directly by Biosolids Facility:		
Principal Repaid	\$ 106,223	\$ 102,956
Interest Paid	12,452	16,315

**CITY OF HUDSON, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	<u>2012</u>	<u>2011</u>
<b>Collection System:</b>		
Salaries and Related Costs	\$ 22,148	\$ 27,885
Supplies	1,006	609
Other Services and Charges	17,016	8,664
Total Collection System	<u>40,170</u>	<u>37,158</u>
<b>Wastewater Treatment Plant:</b>		
Salaries and Related Costs	434,656	430,116
Supplies	61,949	47,637
Biosolids Charges	386,004	363,750
Noncapital Expenses - DNR Account	-	19,519
Other Services and Charges	128,630	142,220
Total Wastewater Treatment Plant	<u>1,011,239</u>	<u>1,003,242</u>
<b>Lift Stations:</b>		
Salaries and Related Costs	31,917	15,489
Supplies	2,226	1,734
Other Services and Charges	14,222	19,016
Total Lift Stations	<u>48,365</u>	<u>36,239</u>
<b>Dams:</b>		
Salaries and Related Costs	5,714	5,609
Other Services and Charges	443	1,427
Total Dams	<u>6,157</u>	<u>7,036</u>
<b>Meter Reading:</b>		
Salaries and Related Costs	12,962	8,981
Supplies	5,412	5,545
Meter Use Charge Paid to Water Utility	142,084	150,374
Total Meter Reading	<u>160,458</u>	<u>164,900</u>
<b>Administrative and General:</b>		
Salaries and Related Costs	158,805	137,705
Supplies	2,439	2,209
Insurance	34,132	46,927
Other Services and Charges	13,901	13,322
Total Administrative and General	<u>209,277</u>	<u>200,163</u>
 Total Operation and Maintenance Expenses	 <u>\$ 1,475,666</u>	 <u>\$ 1,448,738</u>

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011)**

	2012	2011
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments:		
Operations	\$ 283,540	\$ 188,915
Future Facilities	59,185	30,238
Accounts Receivable	1,060	-
Total Current Assets	343,785	219,153
<b>Capital Assets:</b>		
Utility Plant in Service	1,365,188	1,365,188
Less Accumulated Depreciation	311,744	286,060
Total Capital Assets	1,053,444	1,079,128
Total Assets	\$ 1,397,229	\$ 1,298,281
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Vouchers and Accounts Payable	\$ 1,668	\$ 1,646
Accrued Wages	1,493	1,489
Security Deposit	125	125
Total Current Liabilities	3,286	3,260
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,053,444	1,079,128
Unrestricted	340,499	215,893
Total Net Position	1,393,943	1,295,021
Total Liabilities and Net Position	\$ 1,397,229	\$ 1,298,281

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012	2011
<b>OPERATING REVENUES:</b>		
Parking Meters	\$ 113,852	\$ 94,131
Parking Permits	10,171	13,546
Parking Tickets	65,632	86,839
Other	1,737	7,099
Total Operating Revenues	191,392	201,615
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
General Utility	65,992	65,839
Parking Lots	2,791	3,269
Meters	132	8,984
Total Operation and Maintenance	68,915	78,092
Depreciation	25,684	25,186
Total Operating Expenses	94,599	103,278
<b>OPERATING INCOME</b>	96,793	98,337
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	2,129	2,419
<b>CHANGE IN NET POSITION</b>	98,922	100,756
Net Position, January 1	1,295,021	1,194,265
<b>NET POSITION, DECEMBER 31</b>	\$ 1,393,943	\$ 1,295,021

**CITY OF HUDSON, WISCONSIN  
PARKING UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 122,963	\$ 107,677
Cash Received from Parking Forfeitures	67,369	93,938
Cash Payments to Suppliers for Goods and Services	(19,394)	(24,950)
Cash Payments for Employee Services	(49,495)	(51,796)
Net Cash Provided by Operating Activities	<u>121,443</u>	<u>124,869</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	-	(40,189)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	<u>2,129</u>	<u>2,419</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	123,572	87,099
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>219,153</u>	<u>132,054</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 342,725</u>	<u>\$ 219,153</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 96,793	\$ 98,337
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	25,684	25,186
(Increase) Decrease in Assets:		
Accounts Receivable	(1,060)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	22	1,257
Accrued Wages Payable	4	89
Net Cash Provided by Operating Activities	<u>\$ 121,443</u>	<u>\$ 124,869</u>

**CITY OF HUDSON, WISCONSIN  
AMBULANCE SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)

	2012	2011
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments		
Operations	\$ 395,663	\$ 313,344
Asset Replacement	16,722	16,593
Accounts Receivable:		
Customer/Patient	269,110	281,057
Allowance for Doubtful Accounts	(126,350)	(145,037)
Due From Other Governments	9,731	-
Total Current Assets	564,876	465,957
<b>Capital Assets:</b>		
Ambulance Equipment In Service	735,904	642,344
Less: Accumulated Depreciation	350,083	393,382
Net Capital Assets	385,821	248,962
 Total Assets	 \$ 950,697	 \$ 714,919
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Vouchers and Accounts Payable	\$ 36,469	\$ 23,676
Accrued Wages	12,448	11,563
Accrued Employee Liabilities	9,257	16,311
Advances from Other Funds	54,884	25,662
Deferred Revenue	7,242	6,383
Total Current Liabilities	120,300	83,595
<b>Long-Term Liabilities:</b>		
Advances from Other Funds (Net of Current Portion)	189,091	100,954
Other Postemployment Benefits	17,681	8,842
Total Long-Term Liabilities:	206,772	109,796
 Total Liabilities	 327,072	 193,391
<b>NET POSITION</b>		
Net Investment in Capital Assets	141,846	122,346
Unrestricted	481,779	399,182
Total Net Position	623,625	521,528
 Total Liabilities and Net Position	 \$ 950,697	 \$ 714,919

**CITY OF HUDSON, WISCONSIN  
 AMBULANCE SERVICE ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2012  
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012	2011
<b>OPERATING REVENUES:</b>		
Patient Revenue:		
Charges	\$ 1,760,248	\$ 1,779,171
Less Adjustments	(716,855)	(702,037)
Intergovernmental:		
State Grant	6,383	7,512
Contracts:		
City	159,875	148,750
Others	172,488	164,300
Other	914	200
	1,383,053	1,397,896
 <b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
Salaries and Related Costs	768,184	727,448
Other Services and Charges	283,154	368,004
Operating Supplies and Expenses	131,646	139,373
Insurance	67,745	61,605
Building Use Payment to City	2,220	2,220
Total Operation and Maintenance	1,252,949	1,298,650
Depreciation	48,052	33,193
	1,301,001	1,331,843
 <b>OPERATING INCOME (LOSS)</b>	 82,052	 66,053
 <b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	150	-
Donations	15,050	300
Gain/Loss on Sale of Capital Assets	9,400	12,555
Interest Expense	(4,555)	(4,695)
	20,045	8,160
 <b>CHANGE IN NET POSITION</b>	 102,097	 74,213
Net Position, January 1	521,528	447,315
 <b>NET POSITION, DECEMBER 31</b>	 \$ 623,625	 \$ 521,528

**CITY OF HUDSON, WISCONSIN  
AMBULANCE SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers/Patients	\$ 1,036,653	\$ 1,157,374
Cash Received from Government Subsidies/Contracts/Grants	330,788	319,633
Cash Payments to Suppliers for Goods and Services	(471,972)	(553,661)
Cash Payments for Employee Services	(765,514)	(727,493)
Net Cash Provided by (Used for) Operating Activities	129,955	195,853
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Received for Donations	15,050	300
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Payments for Capital Assets	(184,911)	(190,257)
Cash Received for Salvage of Capital Assets	9,400	12,555
Cash Received on General Fund Advance	150,000	135,000
Cash Paid on General Fund Advance	(32,641)	(8,384)
Cash Paid for Interest on Advance	(4,555)	(4,695)
Net Cash Provided by (Used for) Capital Financing Activities	(62,707)	(55,781)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings on Investments	150	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	82,448	140,372
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	329,937	189,565
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 412,385	\$ 329,937
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 82,052	\$ 66,053
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
Used for Operating Activities:		
Depreciation	48,052	33,193
Allowance for Customer/Patient Accounts Receivable	(18,687)	46,638
(Increase) Decrease in Assets:		
Customer/Patient Accounts Receivable	11,947	33,602
Due From Other Governments	(9,731)	-
Increase (Decrease) in Liabilities:		
Deferred Revenues	859	(1,129)
Accrued Employee Liabilities	2,670	(45)
Accounts Payable	12,793	17,541
Net Cash Provided by (Used for) Operating Activities	\$ 129,955	\$ 195,853