

CITY OF HUDSON, WISCONSIN

Annual Financial Report

December 31, 2022

 KerberRose

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CITY OF HUDSON, WISCONSIN

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INDEPENDENT AUDITORS' REPORT



Independent Auditors' Report

To the City Council
City of Hudson
Hudson, Wisconsin

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Hudson, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, Wisconsin, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

To the City Council
City of Hudson, Wisconsin

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in total OPEB liability and related ratios, schedules of employer's proportionate share of the net OPEB liability and employer contributions - local retiree life insurance plan and schedule of budgetary comparison - budget and actual - general fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Hudson, Wisconsin's basic financial statements. The combining balance sheet - nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds, combining statement of net position - nonmajor proprietary funds, combining statement of revenues, expenses, and changes in net position - nonmajor proprietary funds and combining statement of cash flows - nonmajor proprietary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

To the City Council
City of Hudson, Wisconsin

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements, as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information as listed in the table of contents on pages 73 to 95 does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Summarized Comparative Information

The City of Hudson, Wisconsin's December 31, 2021, financial statements were audited by CliftonLarsonAllen, LLP and in their report dated October 17, 2022, they expressed unmodified opinions on those statements. The supplementary information for the year ended December 31, 2021, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The information was subjected to the audit procedures applied by CliftonLarsonAllen, LLP in the audit of those 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 summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
July 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

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, 2022. Please consider this information in conjunction with the City's financial statements, which begin on page 4 following this narrative.

Financial Highlights

Key financial highlights for the year ended December 31, 2022, include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$92,860,956 (net position). Of this amount, \$61,351,644 represented the City's net investment in capital assets, \$9,352,900 was held for restricted purposes, and \$21,976,412 was unrestricted. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position decreased by \$2,833,309. Net position related to the business-type activities of the City increased by \$1,294,329, while net position related to governmental activities decreased by \$4,127,638.
- At the end of 2022, the City's governmental funds reported combined ending fund balances of \$14,381,457 a decrease of \$3,437,454 from the previous year. This decrease was largely attributable to large capital projects in the capital projects and TID Districts fund's for the current year.
- During the year, the general fund balance increased by \$713,264. At the end of 2022, the unassigned general fund balance totaled \$5,170,547 or 42.4% of the general fund expenditures. The City has assigned \$554,162 of its general fund balance, which together with the year-end unassigned balance, represented 46.9% of general fund expenditures.
- The City's outstanding long-term debt and other long-term obligations increased \$2,943,103 during the current fiscal year. The City issued \$3,860,000 in general obligation debt and \$1,543,611 in sewer revenue bonds during the year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

Overview of the Financial Statements (Continued)

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

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

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

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

The government-wide financial statements can be found beginning on page 4 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

Governmental Funds (Continued)

The City reports seventeen (17) 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, debt service fund, capital projects fund, and tax incremental districts No. 5 and No. 6 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 8 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 water utility and sewer utility funds, which are all considered to be major funds of the City.

The basic proprietary fund financial statements can be found beginning on page 14 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 18 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 20 of this report.

Additional Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the City's operating budget and employee benefit plans. Required supplementary information can be found beginning on page 60 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, additional supplementary information and other information has been provided as part of this report. The supplementary information and other information are noted in the table of contents. The supplementary information section of the report begins on page 66. The other information section of the report begins on page 73.

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$92,860,956 at the close of 2022. The largest portion of this net position (66%) reflects the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, plant in service and construction in progress, net of related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**Condensed Statement of Net Position
December 31, 2022 and 2021**

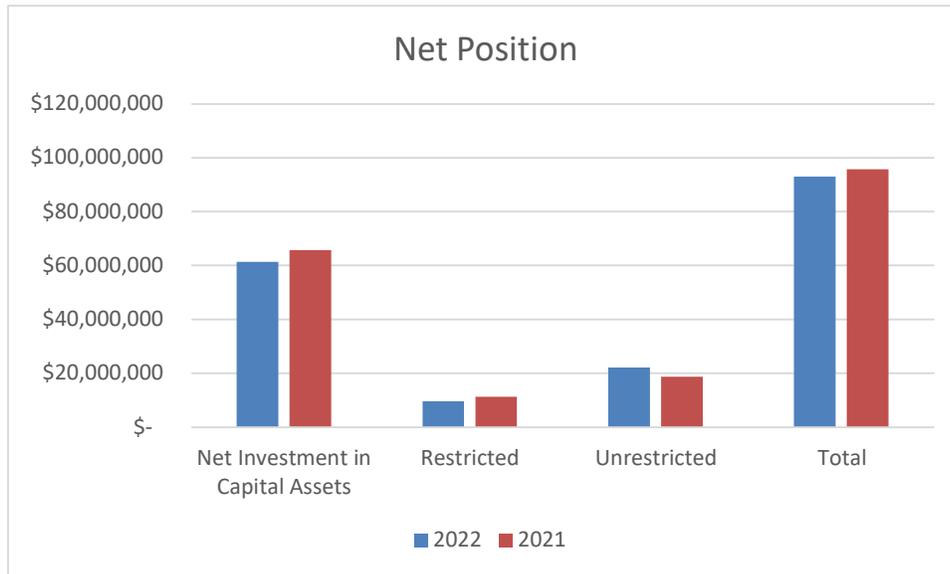
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets						
Current and Other Assets	\$ 32,512,990	\$ 34,061,440	\$ 20,786,141	\$ 17,544,245	\$ 53,299,131	\$ 51,605,685
Capital Assets	53,893,990	53,272,841	45,997,288	44,453,151	99,891,278	97,725,992
Total Assets	86,406,980	87,334,281	66,783,429	61,997,396	153,190,409	149,331,677
Deferred Outflow of Resources	6,555,869	4,353,828	1,107,520	718,479	7,663,389	5,072,307
Liabilities						
Long-Term Debt Outstanding	23,626,051	23,630,672	12,215,959	11,962,123	35,842,010	35,592,795
Other Long-Term Obligations	1,310,554	182,832	409,120	-	1,719,674	182,832
Other Liabilities	4,637,926	3,404,406	1,710,005	1,620,667	6,347,931	5,025,073
Total Liabilities	29,574,531	27,217,910	14,335,084	13,582,790	43,909,615	40,800,700
Deferred Inflows of Resources	19,968,990	16,923,233	4,114,237	985,786	24,083,227	17,909,019
Net Position						
Net Investment in Capital Assets	28,220,693	33,647,550	33,130,951	32,037,186	61,351,644	65,684,736
Restricted	6,408,389	8,205,788	3,124,511	3,089,518	9,532,900	11,295,306
Unrestricted	8,790,246	5,693,628	13,186,166	13,020,595	21,976,412	18,714,223
Total Net Position	\$ 43,419,328	\$ 47,546,966	\$ 49,441,628	\$ 48,147,299	\$ 92,860,956	\$ 95,694,265

An additional portion of the City's net position (10.3%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$21,976,412 of total net position (23.7%) may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$13,186,166 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
December 31, 2022

Financial Analysis of the City as a Whole (Continued)

The following chart shows the comparison of the three components of net position for the years 2022 and 2021:



Governmental Activities

The following condensed statement of changes in net position of the City's governmental activities for the year ended December 31, 2022, shows total net position decreased \$4,127,638 (8.7%) from the prior year. The primary reason is due to the City spending a large amount of funds on capital projects.

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, 2022, shows total net position increased \$1,294,329 (2.7%) from the prior year. The key reason for this increase is due to an increase in utility usage and capital contribution from developers.

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

Financial Analysis of the City as a Whole (Continued)

The following is a summary of the changes in the City's net position for the years ended December 31, 2022 and 2021:

**Condensed Statement of Changes in Net Position
December 31, 2022 and 2021**

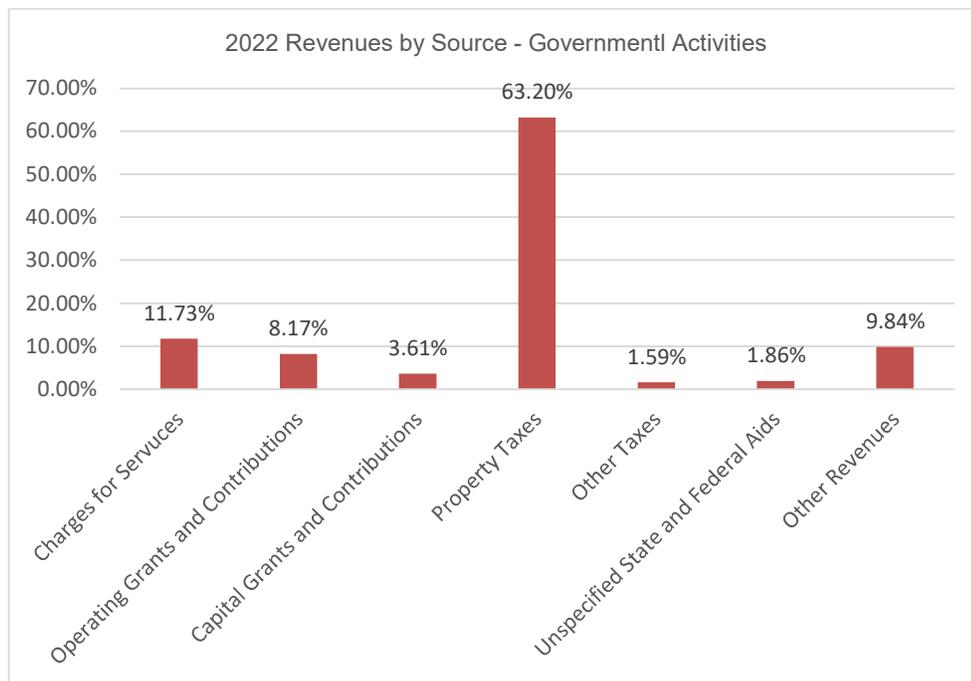
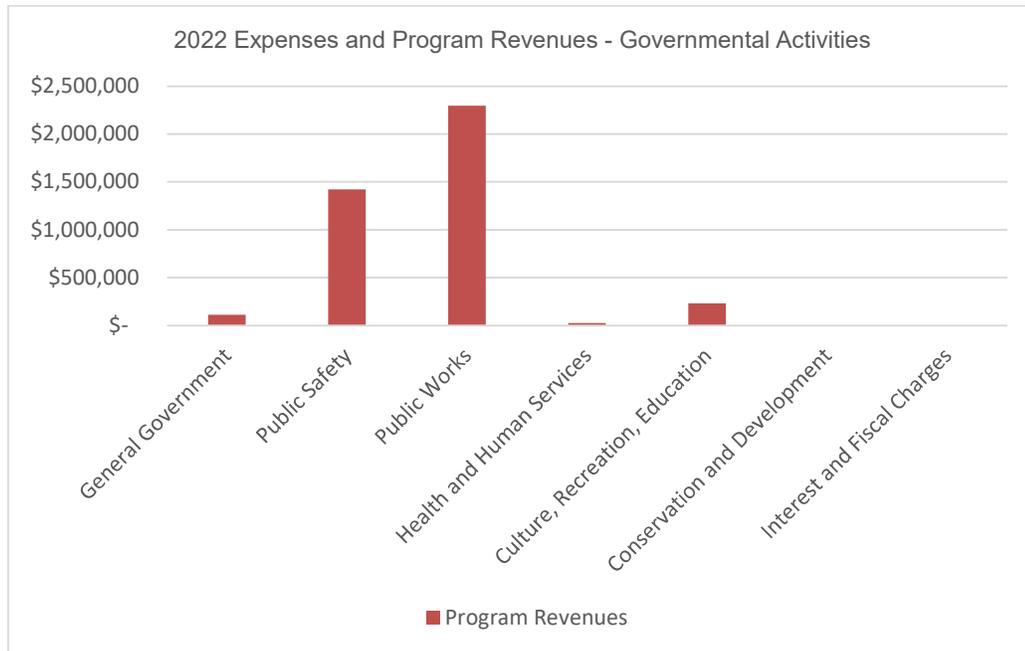
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services	\$ 2,039,274	\$ 2,033,412	\$ 7,673,034	\$ 6,990,142	9,712,308	9,023,554
Operating Grants and Contributions	1,421,370	1,057,602	-	-	1,421,370	1,057,602
Capital Grants and Contributions	626,668	917,928	1,220,470	419,146	1,847,138	1,337,074
General Revenues						
Property Taxes	10,985,568	10,596,892	-	-	10,985,568	10,596,892
Other Taxes	276,772	264,078	-	-	276,772	264,078
State and Federal Aids Not Restricted to a Specific Program	323,854	244,390	-	-	323,854	244,390
Other Revenues	1,656,691	188,950	176,473	18,080	1,833,164	207,030
Total Revenues	17,330,197	15,303,252	9,069,977	7,427,368	26,400,174	22,730,620
Expenses						
General Government	3,239,432	1,841,320	-	-	3,239,432	1,841,320
Public Safety	5,688,213	5,477,392	-	-	5,688,213	5,477,392
Public Works	5,174,329	4,551,191	-	-	5,174,329	4,551,191
Health and Human Services	14,547	19,394	-	-	14,547	19,394
Culture and Recreation	1,323,304	1,055,174	-	-	1,323,304	1,055,174
Conservation and Development	6,747,732	827,996	-	-	6,747,732	827,996
Interest and Fiscal Charges	605,632	691,662	-	-	605,632	691,662
Water Utility	-	-	3,370,012	3,225,034	3,370,012	3,225,034
Sewer Utility	-	-	2,737,680	2,094,935	2,737,680	2,094,935
Parking Utility	-	-	263,060	316,966	263,060	316,966
Ambulance Services	-	-	69,542	17,895	69,542	17,895
Total Expenses	22,793,189	14,464,129	6,440,294	5,654,830	29,233,483	20,118,959
Changes in Net Position before Transfers	(5,462,992)	839,123	2,629,683	1,772,538	(2,833,309)	2,611,661
Transfers	1,335,354	592,952	(1,335,354)	(592,952)	-	-
Change in Net Position	(4,127,638)	1,432,075	1,294,329	1,179,586	(2,833,309)	2,611,661
Net Position - Beginning of Year	47,546,966	46,114,891	48,147,299	46,967,713	95,694,265	93,082,604
Net Position - End of Year	\$ 43,419,328	\$ 47,546,966	\$ 49,441,628	\$ 48,147,299	\$ 92,860,956	\$ 95,694,265

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
 December 31, 2022

Financial Analysis of the City as a Whole (Continued)

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 for the governmental activities.

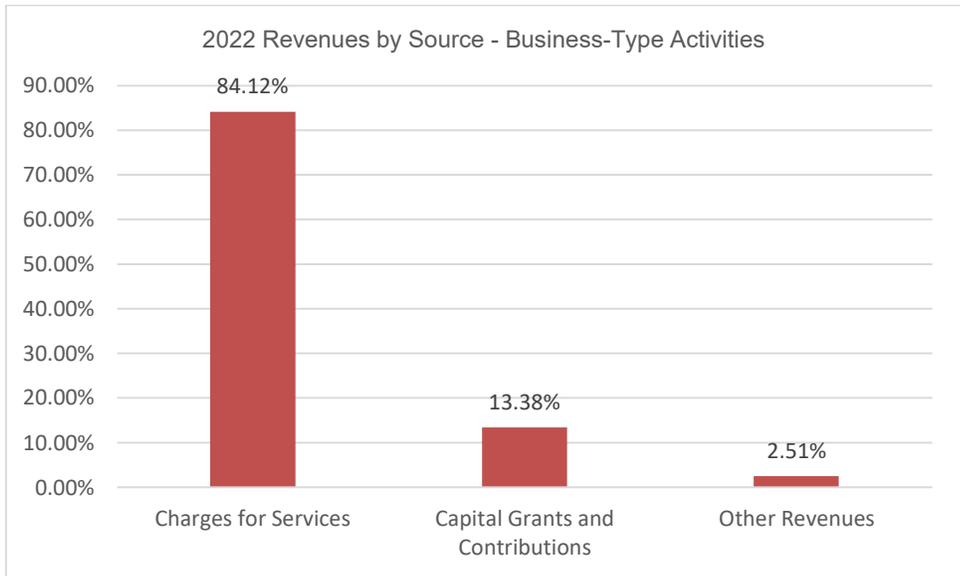
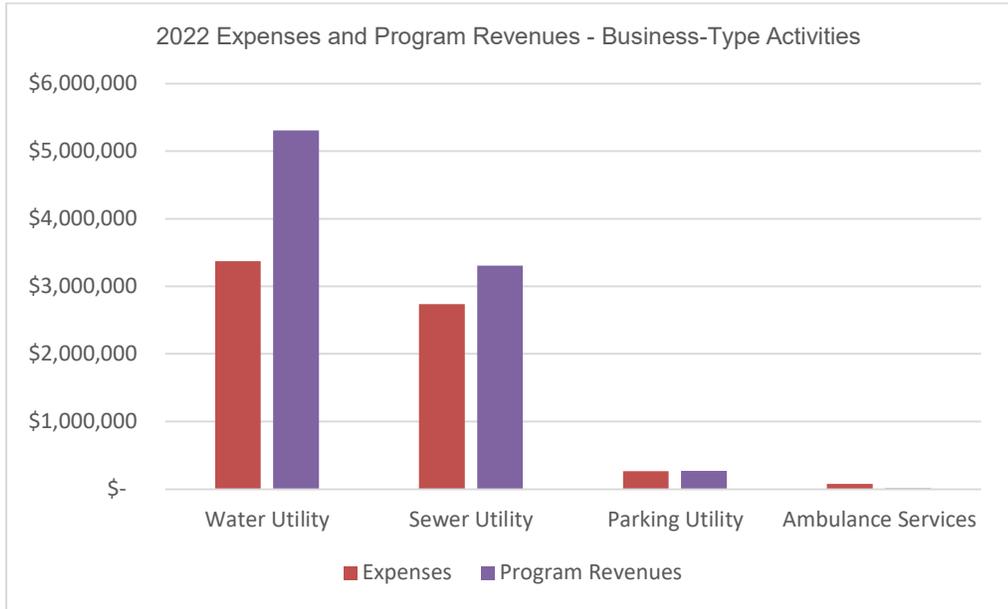


As shown above, the City is highly dependent on property taxes (63.2%) as its principal source of revenues for governmental activities. Program revenues represent (23.5%) of governmental activities revenue.

CITY OF HUDSON, WISCONSIN
 Management's Discussion and Analysis
 December 31, 2022

Financial Analysis of the City as a Whole (Continued)

The following charts draw data from the statement of activities for the business-type activities.



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 impact fees collected for the water utility and hook-up fees for sewer services.

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

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, 2022, the City's governmental funds reported combined ending fund balances of \$14,381,457, a decrease of \$3,437,454 from the previous year, which is primarily a result of large projects in the capital projects and TID District funds for the current year. The governmental funds comprising this balance are shown below:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned	Change During the Year
Major Funds							
General Fund	\$ 5,813,946	\$ 89,237	\$ -	\$ -	\$ 554,162	\$ 5,170,547	\$ 713,264
Debt Service Fund	21,432	-	21,432	-	-	-	(7,984)
Capital Projects Fund	3,050,208	-	-	3,050,208	-	-	(3,167,479)
TID No. 5	1,596,136	-	1,596,136	-	-	-	483,207
TID No. 6	(1,050,789)	-	-	-	-	(1,050,789)	(1,431,204)
NonMajor Funds:							
Special Revenue Funds:							
Impact Fees Fund	1,375,409	-	1,375,409	-	-	-	(282,110)
Room Tax Fund	99,960	-	-	99,960	-	-	(25,779)
American Rescue Plan Act (ARPA) Fund	17,074	-	-	-	17,074	-	16,200
Sewer Collection System Replacement	1,281,412	-	-	1,281,412	-	-	74,927
Park Dedication Fees	839,521	-	839,521	-	-	-	177,159
Police Donations	41,259	-	41,259	-	-	-	(4,585)
Golden Rule Donations	-	-	-	-	-	-	(297)
Police Drug Forfeitures	5,445	-	5,445	-	-	-	1,895
Business Park Revolving Loan Fund	590,612	-	590,612	-	-	-	6,548
Storm Water MS-4	162,331	-	-	162,331	-	-	1,801
Storm Water	537,022	-	-	537,022	-	-	6,504
Special Assessments	479	-	-	-	479	-	479
Total Governmental Fund Balances							
As of December 31, 2022	<u>\$ 14,381,457</u>	<u>\$ 89,237</u>	<u>\$ 4,469,814</u>	<u>\$ 5,130,933</u>	<u>\$ 571,715</u>	<u>\$ 4,119,758</u>	<u>\$ (3,437,454)</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 47.4% of total general fund expenditures reported on the statement of revenues, expenditures, and changes in fund balances while the unassigned balance represented 42.4% of the same amount. The City has assigned \$554,162 of its general fund balance which combined with the year-end unassigned balance of \$5,170,547, represented 46.9% of that same amount.

The general fund's total fund balance increased \$713,264 during the year, which is primarily due to the City closing out their EMS fund that ended service in 2019.

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

Financial Analysis of the City's Major Funds (Continued)

The debt service fund had a \$21,432 balance at December 31, 2022, a decrease of \$7,984 from the prior year.

The capital projects fund is used by the City on an ongoing basis to account for various governmental capital outlay projects primarily financed from proceeds of long-term debt. The balance in this fund at December 31, 2022, was \$3,050,208, a decrease of \$3,167,479 from the prior year, due to capital outlay for the current year.

The Tax Incremental District No. 5 fund is used by the City on an ongoing basis to support development and improvement costs in a designated area funded primarily by tax revenue and from proceeds of long-term debt. The balance in this fund at December 31, 2022, was \$1,596,136, an increase of \$483,207 from the prior year, due to an increase in tax increment revenue.

The Tax Incremental District No. 6 fund is used by the City on an ongoing basis to support development and improvement costs in a designated area funded primarily by tax revenue and from proceeds of long-term debt. The balance in this fund at December 31, 2022, was a deficit of \$1,050,789, a decrease of \$1,431,204 from the prior year, due to capital outlay expenditures and developer incentives paid during the year.

The aggregated other governmental funds column includes various special revenue and special assessment funds used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes. The accumulated fund balances of these funds decreased by \$27,258 during 2022. Transactions of these funds are further detailed in the supplementary information section of this report.

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 2022 totaled \$49,441,628, an increase of \$1,294,329 from the previous year.

**Condensed Statement of Changes in Net Position for Enterprise Funds Years
Ended December 31, 2022 and 2021**

	Water Utility		Sewer Utility	
	2022	2021	2022	2021
Operating Revenues	\$ 4,419,735	\$ 4,195,936	\$ 2,976,224	\$ 2,490,067
Operating Expenses				
Operations and Maintenance	2,315,315	2,083,502	1,918,960	1,665,362
Depreciation	1,010,363	1,096,968	666,980	362,429
Total Operating Expenses	3,325,678	3,180,470	2,585,940	2,027,791
Nonoperating Revenues (Expenses)	32,546	(42,225)	271,234	216,950
Income Before				
Contributions and Transfers	1,126,603	973,241	661,518	679,226
Capital Contributions	889,022	149,634	-	-
Transfers	(460,786)	(523,567)	(83,321)	(69,385)
Change in Net Position	1,554,839	599,308	578,197	609,841
Net Position - Beginning of Year	32,707,372	32,108,064	13,108,499	12,498,658
Net Position - End of Year	<u>\$ 34,262,211</u>	<u>\$ 32,707,372</u>	<u>\$ 13,686,696</u>	<u>\$ 13,108,499</u>

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

Proprietary Funds (Continued)

	Parking Utility		Ambulance Service		Totals	
	2022	2021	2022	2021	2022	2021
Operating Revenues	\$ 268,350	\$ 263,911	\$ 8,725	\$ 40,228	\$ 7,673,034	\$ 6,990,142
Operating Expenses						
Operations and Maintenance	185,009	238,755	69,542	17,895	4,488,826	4,005,514
Depreciation	78,051	78,211	-	-	1,755,394	1,537,608
Total Operating Expenses	263,060	316,966	69,542	17,895	6,244,220	5,543,122
Nonoperating Revenues (Expenses)	1,489	1,015	6,578	144	311,847	175,884
Net Income (Loss) Before Contributions and Transfers	6,779	(52,040)	(54,239)	22,477	1,740,661	1,622,904
Capital Contributions	-	-	-	-	889,022	149,634
Transfers	-	-	(791,247)	-	(1,335,354)	(592,952)
Change in Net Position	6,779	(52,040)	(845,486)	22,477	1,294,329	1,179,586
Net Position - Beginning of Year	1,485,942	1,537,982	845,486	823,009	48,147,299	46,967,713
Net Position - End of Year	\$ 1,492,721	\$ 1,485,942	\$ -	\$ 845,486	\$ 49,441,628	\$ 48,147,299

The water utility had operating income of \$1,094,057 in 2022. The utility also provides services to residents of the Village of North Hudson. The Utility adjusted user rates effective October 1, 2021.

The sewer utility had operating income of \$390,284 in 2022 and had an overall positive change in net position of \$578,197. The utility also provides services to residents of the Village of North Hudson. The City increased user rates effective in January 1, 2021.

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 utility had an operating gain of \$6,779 in 2022.

The ambulance service fund is used to account for operations of the City's emergency medical services department (St. Croix EMS & Rescue). During September of 2019, the City discontinued ambulance service operations and sold off most of the related assets. The balances remaining in this fund were closed out to the General Fund in 2022.

General Fund Budgetary Highlights

As shown in the Budgetary Comparison Schedule for the general fund (in required supplementary information), the 2022 general fund budget was not modified by the City Council. The general fund balance increased during 2022 by \$713,264. The primary reason for the increase is due to the City's closing out their EMS funds that ended service in 2019. The City ended the year with a favorable variance between actual amounts and budget amounts for revenues of \$1,453,192 (14.26%) and a negative budget variance for expenditures of \$1,889,647 (-18.32%). The negative expenditure variance is due to a number of expenditure accounts being over budget, including municipal building, police patrol, and culture and recreation costs.

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

General Fund Budgetary Highlights (Continued)

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, 2022 and 2021 was as shown below:

**Capital Assets, Net of Accumulated Depreciation
December 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Nondepreciable Assets						
Land and Land Rights	\$ 8,609,512	\$ 8,615,591	\$ 1,027,280	\$ 1,027,280	\$ 9,636,792	\$ 9,642,871
Construction in Progress	531,536	767,686	146,808	12,570,539	678,344	13,338,225
Total Nondepreciable Assets	9,141,048	9,383,277	1,174,088	13,597,819	10,315,136	22,981,096
Depreciable Assets						
Right to Use Asset	46,287	40,296	-	-	46,287	40,296
Land Improvements	3,190,873	3,155,303	-	-	3,190,873	3,155,303
Building and Improvements	14,369,099	13,911,044	-	-	14,369,099	13,911,044
Machinery and Equipment	6,455,430	5,204,296	-	-	6,455,430	5,204,296
Vehicles	6,729,228	6,613,986	-	-	6,729,228	6,613,986
Infrastructure	94,177,679	92,244,416	-	-	94,177,679	92,244,416
Water System Plant	-	-	45,056,062	42,824,088	45,056,062	42,824,088
Wastewater Treatment Plan	-	-	26,566,456	13,269,262	26,566,456	13,269,262
Parking Utility	-	-	1,436,739	1,436,739	1,436,739	1,436,739
Total Depreciable Assets	124,968,596	121,169,341	73,059,257	57,530,089	198,027,853	178,699,430
Accumulated Depreciation	80,215,654	77,253,746	28,236,057	26,674,757	108,451,711	103,928,503
Total Capital Assets						
Net of Depreciation	\$ 53,893,990	\$ 53,298,872	\$ 45,997,288	\$ 44,453,151	\$ 99,891,278	\$ 97,752,023

Additional information related to the City's capital assets is reported in Note 5 following the financial statements.

CITY OF HUDSON, WISCONSIN
Management's Discussion and Analysis
December 31, 2022

Long-Term Obligations

At December 31, 2022, the City had outstanding \$38,716,395 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, 2022 and 2021**

	Governmental Activities	Business-Type Activities	Outstanding 2022	Outstanding 2021	Percent Change
Long Term Debt					
General Obligation Debt	\$ 25,030,000	\$ 660,000	\$25,690,000	\$ 23,690,000	8.44%
Unamortized Debt Premium	621,051	4,575	625,626	645,904	-3.14%
Sewer Revenue Bonds	-	10,789,038	10,789,038	9,734,121	10.84%
Water Revenue bonds	-	1,412,724	1,412,724	1,494,404	-5.47%
Total Long-Term Debt	<u>25,651,051</u>	<u>12,866,337</u>	<u>38,517,388</u>	<u>35,564,429</u>	<u>8.30%</u>
Other Long-Term Obligations					
Compensated Absence	143,333	33,428	176,761	182,832	-3.32%
Lease Liability	22,246	-	22,246	26,031	-14.54%
Total Other Long-Term Obligations	<u>165,579</u>	<u>33,428</u>	<u>199,007</u>	<u>208,863</u>	<u>-4.72%</u>
Total Outstanding Long-Term Obligations	<u>\$ 25,816,630</u>	<u>\$ 12,899,765</u>	<u>\$38,716,395</u>	<u>\$ 35,773,292</u>	<u>8.23%</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, 2022 totaled \$25,690,000, approximately 17.94% of the maximum legal limit of \$143,219,085.

Additional information related to the City's long-term debt is reported in Note 7 following the financial statements.

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.

FINANCIAL STATEMENTS

CITY OF HUDSON, WISCONSIN
Statement of Net Position
As of December 31, 2022
With Summarized Information from December 31, 2021

	Primary Government			
	Governmental	Business-Type	Total	
	Activities	Activities	2022	2021
ASSETS				
Current Assets				
Cash and Investments	\$ 15,084,900	\$ 12,688,099	\$ 27,772,999	\$ 32,046,619
Receivables:				
Property Taxes	11,847,983	-	11,847,983	10,745,848
Delinquent Property Taxes	55,874	186,494	242,368	4,181
Special Assessments	119,881	-	119,881	129,949
Accounts	1,511,294	1,749,934	3,261,228	2,224,245
Due From Other Governments	613,487	83,299	696,786	797,998
Lease Receivable	-	220,603	220,603	207,968
Prepaid Items	34,987	-	34,987	43,466
Inventories	-	35,557	35,557	25,815
Total Current Assets	<u>29,268,406</u>	<u>14,963,986</u>	<u>44,232,392</u>	<u>46,226,089</u>
Noncurrent Assets				
Restricted Cash and Investments	-	1,951,567	1,951,567	1,940,185
Restricted Impact Assessments	-	850,970	850,970	747,123
Lease Receivable	-	2,486,626	2,486,626	2,707,229
Net Pension Asset	3,244,584	532,992	3,777,576	2,900,256
Capital Assets - Nondepreciable	9,141,048	1,174,088	10,315,136	22,981,096
Capital Assets - Depreciable, Net of Depreciation	44,752,942	44,823,200	89,576,142	74,772,355
Total Noncurrent Assets	<u>57,138,574</u>	<u>51,819,443</u>	<u>108,958,017</u>	<u>106,048,244</u>
TOTAL ASSETS	<u>86,406,980</u>	<u>66,783,429</u>	<u>153,190,409</u>	<u>152,274,333</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	6,353,452	1,043,691	7,397,143	4,829,910
Other Post-Employment Related Amounts - LRLIF	102,161	32,215	134,376	140,831
Other Post-Employment Related Amounts - Single-Employer	100,256	31,614	131,870	101,566
Total Deferred Outflows of Resources	<u>6,555,869</u>	<u>1,107,520</u>	<u>7,663,389</u>	<u>5,072,307</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	1,247,637	752,253	1,999,890	1,901,267
Accrued and Other Current Liabilities	221,912	59,517	281,429	291,324
Due to Other Governments	64	74,560	74,624	68,420
Accrued Interest Payable	141,379	34,934	176,313	266,233
Deposits from Others	-	104,935	104,935	236,458
Compensated Absences	143,333	33,428	176,761	182,832
Current Portion of Lease Liability	9,129	-	9,129	11,205
Current Portion of Long-Term Obligations	2,025,000	650,378	2,675,378	2,388,890
Unearned Revenues:				
American Rescue Plan Act Funds	849,472	-	849,472	738,070
Other Unearned Revenues	-	-	-	-
Total Current Liabilities	<u>4,637,926</u>	<u>1,710,005</u>	<u>6,347,931</u>	<u>6,084,699</u>
Noncurrent Liabilities				
Other Post-Employment Benefits - LRLIF	295,016	93,027	388,043	334,981
Other Post-Employment Benefits - Single Employer	1,002,421	316,093	1,318,514	1,216,686
Lease Liability	13,117	-	13,117	16,254
Noncurrent Portion of Long-Term Obligations	23,626,051	12,215,959	35,842,010	33,175,539
Total NonCurrent Liabilities	<u>24,936,605</u>	<u>12,625,079</u>	<u>37,561,684</u>	<u>34,743,460</u>
TOTAL LIABILITIES	<u>29,574,531</u>	<u>14,335,084</u>	<u>43,909,615</u>	<u>40,828,159</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes Levied for Subsequent Period	11,847,983	-	11,847,983	10,975,123
Lease Receivable	-	2,707,229	2,707,229	2,915,197
Pension Related Amounts	7,638,029	1,254,709	8,892,738	6,354,966
Other Post-Employment Related Amounts - LRLIF	64,477	20,332	84,809	94,788
Other Post-Employment Related Amounts - Single-Employer	418,501	131,967	550,468	484,142
Total Deferred Inflows of Resources	<u>19,968,990</u>	<u>4,114,237</u>	<u>24,083,227</u>	<u>20,824,216</u>
NET POSITION				
Net Investment in Capital Assets	28,220,693	33,130,951	61,351,644	65,684,736
Restricted	6,408,389	3,124,511	9,532,900	11,295,306
Unrestricted	8,790,246	13,186,166	21,976,412	18,714,223
TOTAL NET POSITION	<u>\$ 43,419,328</u>	<u>\$ 49,441,628</u>	<u>\$ 92,860,956</u>	<u>\$ 95,694,265</u>

See Accompanying Notes

Component Units			
	Joint Library	St. Croix Business Park	Community Access Board
\$	323,382	\$	3,399,425
	-		-
	-		-
	-		-
	-	1,459	49,095
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	<u>323,382</u>	<u>3,400,884</u>	<u>1,362,763</u>
	-	-	-
	-	-	-
	-	-	-
	154,773	-	35,184
	-	855,784	-
	<u>700,259</u>	<u>19,329</u>	<u>114,759</u>
	<u>855,032</u>	<u>875,113</u>	<u>149,943</u>
	<u>1,178,414</u>	<u>4,275,997</u>	<u>1,512,706</u>
	303,072	-	68,895
	5,786	-	861
	5,678	-	845
	<u>314,536</u>	<u>-</u>	<u>70,601</u>
	10,780	6,834	20,239
	18,145	-	3,732
	-	-	-
	-	-	-
	-	-	-
	9,378	-	16,408
	-	-	-
	-	-	-
	-	-	-
	-	7,400	-
	<u>38,303</u>	<u>14,234</u>	<u>40,379</u>
	16,708	-	2,485
	56,772	-	8,445
	-	-	-
	-	-	-
	<u>73,480</u>	<u>-</u>	<u>10,930</u>
	<u>111,783</u>	<u>14,234</u>	<u>51,309</u>
	-	-	-
	-	-	-
	364,349	-	82,825
	3,652	-	543
	23,702	-	3,526
	<u>391,703</u>	<u>-</u>	<u>86,894</u>
	700,259	875,113	114,759
	289,205	3,386,650	1,330,345
	-	-	-
\$	<u><u>989,464</u></u>	<u><u>4,261,763</u></u>	<u><u>1,445,104</u></u>

See Accompanying Notes

CITY OF HUDSON, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 3,239,432	\$ 106,924	\$ 5,189	\$ -
Public Safety	5,688,213	1,311,162	109,249	-
Transportation Facilities	5,160,102	595,799	1,071,755	626,668
Sanitation	14,227	-	-	-
Health and Human Services	14,547	25,389	-	-
Culture and Recreation	1,323,304	-	235,177	-
Conservation and Development	6,747,732	-	-	-
Interest and Fiscal Charges	605,632	-	-	-
Total Governmental Activities	22,793,189	2,039,274	1,421,370	626,668
BUSINESS-TYPE ACTIVITIES				
Water Utility	3,370,012	4,419,735	-	889,022
Sewer Utility	2,737,680	2,976,224	331,448	-
Parking Facilities	263,060	268,350	-	-
Ambulance Service	69,542	8,725	-	-
Total Business-Type Activities	6,440,294	7,673,034	331,448	889,022
TOTAL CITY OF HUDSON	\$ 29,233,483	\$ 9,712,308	\$ 1,752,818	\$ 1,515,690
COMPONENT UNITS				
Joint Library	\$ 889,304	\$ 465,697	\$ 364,365	\$ -
St. Croix Business Park	35,134	-	313,166	-
Community Access Board	196,668	193,232	45,543	-
Total Component Units	\$ 1,121,106	\$ 658,929	\$ 723,074	\$ -

GENERAL REVENUES:

Taxes:
General Property Taxes
Debt Service
Tax Increments
Other Taxes
State and Federal Aids not Restricted to
Specific Functions
Interest and Investment Earnings
Insurance Recoveries and Dividends
Gain (Loss) on Asset Sales
Miscellaneous
Total General Revenues

TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

Net (Expense) Revenue and Changes in Net Position								
Primary Government					Component Units			
Governmental Activities	Business-Type Activities	Totals		Joint Library	St. Croix Business Park	Community Access Board		
		2022	2021					
\$ (3,127,319)	\$ -	\$ (3,127,319)	\$ (1,685,865)	\$ -	\$ -	\$ -		
(4,267,802)	-	(4,267,802)	(4,140,852)	-	-	-		
(2,865,880)	-	(2,865,880)	(2,266,255)	-	-	-		
(14,227)	-	(14,227)	-	-	-	-		
10,842	-	10,842	(16,409)	-	-	-		
(1,088,127)	-	(1,088,127)	(826,148)	-	-	-		
(6,747,732)	-	(6,747,732)	(827,996)	-	-	-		
(605,632)	-	(605,632)	(691,662)	-	-	-		
<u>(18,705,877)</u>	<u>-</u>	<u>(18,705,877)</u>	<u>(10,455,187)</u>	<u>-</u>	<u>-</u>	<u>-</u>		
-	1,938,745	1,938,745	1,120,536	-	-	-		
-	569,992	569,992	664,644	-	-	-		
-	5,290	5,290	(53,055)	-	-	-		
-	(60,817)	(60,817)	22,333	-	-	-		
<u>-</u>	<u>2,453,210</u>	<u>2,453,210</u>	<u>1,754,458</u>	<u>-</u>	<u>-</u>	<u>-</u>		
<u>(18,705,877)</u>	<u>2,453,210</u>	<u>(16,252,667)</u>	<u>(8,700,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>		
-	-	-	-	(59,242)	-	-		
-	-	-	-	-	278,032	-		
-	-	-	-	-	-	42,107		
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,242)</u>	<u>278,032</u>	<u>42,107</u>		
7,184,524	-	7,184,524	6,726,600	-	-	-		
2,341,244	-	2,341,244	2,344,584	-	-	-		
1,459,800	-	1,459,800	1,525,708	-	-	-		
276,772	-	276,772	264,078	-	-	-		
323,854	-	323,854	244,390	-	-	-		
156,023	174,538	330,561	43,078	5,032	11,218	14,334		
1,366,859	-	1,366,859	-	-	-	-		
(15,979)	-	(15,979)	4,022	-	-	-		
149,788	1,935	151,723	159,930	144,332	-	881		
<u>13,242,885</u>	<u>176,473</u>	<u>13,419,358</u>	<u>11,312,390</u>	<u>149,364</u>	<u>11,218</u>	<u>15,215</u>		
1,335,354	(1,335,354)	-	-	-	-	-		
(4,127,638)	1,294,329	(2,833,309)	2,611,661	90,122	289,250	57,322		
47,546,966	48,147,299	95,694,265	93,082,604	899,342	3,972,513	1,387,782		
<u>\$ 43,419,328</u>	<u>\$ 49,441,628</u>	<u>\$ 92,860,956</u>	<u>\$ 95,694,265</u>	<u>\$ 989,464</u>	<u>\$ 4,261,763</u>	<u>\$ 1,445,104</u>		

See Accompanying Notes

CITY OF HUDSON, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2022
With Summarized Information from December 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Incremental District No. 5
ASSETS				
Cash and Investments	\$ 4,544,649	\$ 21,432	\$ 3,281,649	\$ 1,598,486
Receivables:				
Property Taxes	7,474,741	2,340,613	50,842	1,387,251
Delinquent Property Taxes	54,250	-	1,624	-
Special Assessments	-	-	119,881	-
Accounts	1,315,469	-	1,684	-
Due From Other Governments	-	600,000	-	-
Due from Other Fund	824,295	-	-	-
Prepaid Items	34,987	-	-	-
TOTAL ASSETS	\$ 14,248,391	\$ 2,962,045	\$ 3,455,680	\$ 2,985,737
LIABILITIES				
Accounts Payable	\$ 741,186	\$ -	\$ 234,749	\$ 2,350
Accrued Liabilities	218,454	-	-	-
Due to Other Fund	-	-	-	-
Due to Other Governments	64	-	-	-
Deposits from Others	-	-	-	-
Unearned Revenue:				
American Rescue Plan Act Funds	-	-	-	-
Total Liabilities	959,704	-	234,749	2,350
DEFERRED INFLOWS OF RESOURCES				
Taxes Levied for Subsequent Period	7,474,741	2,340,613	50,842	1,387,251
Unavailable Revenues - Special Assessments	-	-	119,881	-
Unavailable Revenues - Others	-	600,000	-	-
Total Deferred Inflows of Resources	7,474,741	2,940,613	170,723	1,387,251
FUND BALANCES (DEFICIT)				
Nonspendable	89,237	-	-	-
Restricted	-	21,432	-	1,596,136
Committed	-	-	3,050,208	-
Assigned	554,162	-	-	-
Unassigned (Deficit)	5,170,547	-	-	-
Total Fund Balances (Deficit)	5,813,946	21,432	3,050,208	1,596,136
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 14,248,391	\$ 2,962,045	\$ 3,455,680	\$ 2,985,737

Tax Incremental District No. 6	Nonmajor Governmental Funds	Totals	
		2022	2021
\$ -	\$ 5,638,684	\$ 15,084,900	\$ 19,498,831
594,536	-	11,847,983	10,591,074
-	-	55,874	4,181
-	-	119,881	129,949
-	194,141	1,511,294	654,270
-	13,487	613,487	645,000
-	-	824,295	-
-	-	34,987	40,246
<u>\$ 594,536</u>	<u>\$ 5,846,312</u>	<u>\$ 30,092,701</u>	<u>\$ 31,563,551</u>
\$ 226,494	\$ 42,858	\$ 1,247,637	\$ 723,069
-	3,458	221,912	232,024
824,295	-	824,295	-
-	-	64	64
-	-	-	236,333
-	849,472	849,472	738,070
<u>1,050,789</u>	<u>895,788</u>	<u>3,143,380</u>	<u>1,929,560</u>
594,536	-	11,847,983	10,975,123
-	-	119,881	194,957
-	-	600,000	645,000
<u>594,536</u>	<u>-</u>	<u>12,567,864</u>	<u>11,815,080</u>
-	-	89,237	66,144
-	2,852,246	4,469,814	9,172,825
-	2,080,725	5,130,933	3,545,404
-	17,553	571,715	547,502
<u>(1,050,789)</u>	<u>-</u>	<u>4,119,758</u>	<u>4,487,036</u>
<u>(1,050,789)</u>	<u>4,950,524</u>	<u>14,381,457</u>	<u>17,818,911</u>
<u>\$ 594,536</u>	<u>\$ 5,846,312</u>	<u>\$ 30,092,701</u>	<u>\$ 31,563,551</u>

CITY OF HUDSON, WISCONSIN
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 As of December 31, 2022
 With Summarized Information from December 31, 2021

	2022	2021
Total Fund Balances - Governmental Funds	\$ 14,381,457	\$ 17,818,911
 <i>Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:</i>		
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental Capital Assets	\$ 134,109,644	
Governmental Accumulated Depreciation	(80,215,654)	53,298,872
 Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		
Other Receivables from Municipalities	600,000	
Special Assessments	119,881	839,957
 Net pension asset is not usable in the current period therefore not reported in the fund financial statements		
	3,244,584	2,497,889
 The City's proportionate share of the Wisconsin Retirement System pension plan and Other Post-Employment Benefits are not an available financial resource; therefore, they are not reported in the fund financial statements.		
Deferred Outflows Related to Pension	6,353,452	4,159,832
Deferred Outflows Related to LRLIF	102,161	109,904
Deferred Outflows Related to OPEB Single-Employer	100,256	84,092
Deferred Inflows Related to Pension	(7,638,029)	(5,473,308)
Deferred Inflows Related to LRLIF	(64,477)	(73,954)
Deferred Inflows Related to OPEB Single-Employer	(418,501)	(400,848)
 Post-employment benefit liability not payable in the current period therefore not reported in the fund financial statements		
Net Other Post-Employment Benefits Liability - LRLIF	(295,016)	(261,355)
Net Other Post-Employment Benefits Liability - Single-Employer Plan	(1,002,421)	(1,007,363)
 Noncurrent liabilities, including bonds, notes payable and lease liability, are not due in the current period and therefore not reported in the fund statements. Noncurrent liabilities reported in the statement of net position that are not reported in the funds balance sheet		
General Debt	(25,030,000)	(22,990,000)
Lease Liability	(22,246)	(26,031)
Premium on Debt Issued	(621,051)	(640,672)
Accrued Interest on General Obligation Debt	(141,379)	(234,494)
Vested Employee Benefits	(143,333)	(154,466)
Total Net Position - Governmental Activities	\$ 43,419,328	\$ 47,546,966

CITY OF HUDSON, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Governmental Funds

For the Year Ended December 31, 2022

With Summarized Information from December 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Incremental District No. 5
REVENUES				
Taxes	\$ 7,184,524	\$ 2,341,244	\$ -	\$ 539,811
Special Assessments	-	-	97,917	-
Intergovernmental	1,225,409	-	-	-
Licenses and Permits	660,984	-	-	-
Fines, Forfeitures and Penalties	70,087	-	-	-
Public Charges for Services	247,221	-	-	-
Intergovernmental Charges for Services	712,254	-	-	-
Miscellaneous	1,540,865	3,342	44,613	9,053
Total Revenues	11,641,344	2,344,586	142,530	548,864
EXPENDITURES				
General Government	3,190,226	-	-	-
Public Safety	5,659,288	-	-	-
Transportation Facilities	1,861,970	-	-	-
Sanitation	14,227	-	-	-
Health and Human Services	13,959	-	-	-
Culture and Recreation	869,677	-	-	-
Conservation and Development	548,860	-	-	-
Debt Service:				
Principal Retirement	-	1,820,000	-	-
Interest and Fiscal Charges	-	693,675	-	108,273
Capital Outlay	43,962	-	3,310,009	3,817,384
Total Expenditures	12,202,169	2,513,675	3,310,009	3,925,657
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(560,825)	(169,089)	(3,167,479)	(3,376,793)
OTHER FINANCING SOURCES (USE)				
Proceeds of Long-Term Debt	-	-	-	3,860,000
Debt Premium	-	83,580	-	-
Sale of Capital Assets	-	-	-	-
Transfers In	1,335,354	77,525	-	-
Transfers Out	(61,265)	-	-	-
Total Other Financing Sources (Use)	1,274,089	161,105	-	3,860,000
NET CHANGE IN FUND BALANCES	713,264	(7,984)	(3,167,479)	483,207
FUND BALANCES - BEGINNING	5,100,682	29,416	6,217,687	1,112,929
FUND BALANCES (DEFICIT) - ENDING	\$ 5,813,946	\$ 21,432	\$ 3,050,208	\$ 1,596,136

Tax Incremental District No. 6	Nonmajor Governmental Funds	Totals	
		2022	2021
\$ 152,872	\$ 276,772	\$ 10,495,223	\$ 10,860,970
-	-	97,917	75,710
-	626,668	1,852,077	1,858,997
-	-	660,984	463,073
-	-	70,087	76,270
-	762,851	1,010,072	818,357
-	74,286	786,540	726,038
340	7,946	1,606,159	322,925
<u>153,212</u>	<u>1,748,523</u>	<u>16,579,059</u>	<u>15,202,340</u>
-	-	3,190,226	2,134,317
-	12,203	5,671,491	5,462,847
-	514,156	2,376,126	2,131,962
-	-	14,227	14,443
-	-	13,959	18,806
-	303,696	1,173,373	1,221,090
-	302,798	851,658	847,315
-	-	1,820,000	2,040,000
-	-	801,948	727,472
1,584,416	626,668	9,382,439	1,988,623
<u>1,584,416</u>	<u>1,759,521</u>	<u>25,295,447</u>	<u>16,586,875</u>
(1,431,204)	(10,998)	(8,716,388)	(1,384,535)
-	-	3,860,000	5,495,000
-	-	83,580	183,516
-	-	-	3,937
-	-	1,412,879	684,550
-	(16,260)	(77,525)	(91,598)
-	(16,260)	5,278,934	6,275,405
(1,431,204)	(27,258)	(3,437,454)	4,890,870
380,415	4,977,782	17,818,911	12,928,041
<u>\$ (1,050,789)</u>	<u>\$ 4,950,524</u>	<u>\$ 14,381,457</u>	<u>\$ 17,818,911</u>

See Accompanying Notes

CITY OF HUDSON, WISCONSIN
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
 Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2022
 With Summarized Information from December 31, 2021

	2022	2021
Net Changes in Fund Balances - Total Governmental Funds	\$ (3,437,454)	\$ 4,890,870
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay reported in governmental fund statements	\$ 3,611,010	
Depreciation expense reported in the statement of activities	(2,999,913)	
Amount by which capital outlays are greater (less) than depreciation in the current period.	611,097	(973,498)
The City disposed of assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of activities as a net loss and has no affect on the governmental funds balance sheet.		
The value of capital assets disposed of during the year	(53,984)	
The amount of depreciation recapture for the year	38,005	
Amount by which capital disposals are more than depreciation recapture in the current period	(15,979)	(17,125)
Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements.	775,594	758,319
Amounts related to the other post-employment benefit that affect the statement of activities but do not affect the fund financials.		
Net OPEB Liability - LRLIF	(31,927)	
Total OPEB Liability - Single-Employer	3,453	(78,761)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Other Receivables from Municipalities	(45,000)	
Special Assessments	(75,076)	96,975
Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits was less than the amount paid.	11,133	358,001
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		
Bonds and Notes Payable	1,820,000	
Lease Liability	9,776	1,829,776
		2,040,000
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.		
Bonds Payable	(3,860,000)	
Lease Liability	(5,991)	(3,865,991)
		(5,495,000)
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.	93,115	(53,150)
Debt premium, discount and amortization are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The activity for the current year is as follows:		
Premium on New Debt	(83,580)	
Amortization of Premium	103,201	19,621
		(94,556)
Change in Net Position - Governmental Activities	\$ (4,127,638)	\$ 1,432,075

CITY OF HUDSON, WISCONSIN

Statement of Net Position

Proprietary Funds

As of December 31, 2022

With Summarized Information from December 31, 2021

	Water Utility	Sewer Utility	Nonmajor Funds	Totals	
				2022	2021
ASSETS					
Current Assets:					
Cash and Investments	\$ 6,666,471	\$ 5,888,731	\$ 132,897	\$ 12,688,099	\$ 12,547,788
Receivables:					
Customers	879,178	730,815	3,864	1,613,857	1,474,638
Receivables on Tax Roll	91,929	94,565	-	186,494	154,774
Other	43,723	82,629	9,725	136,077	95,337
Due from Other Governments	19,679	63,620	-	83,299	152,998
Lease Receivable	220,603	-	-	220,603	207,968
Prepaid Items	-	-	-	-	3,220
Inventories	35,557	-	-	35,557	25,815
Total Current Assets	<u>7,957,140</u>	<u>6,860,360</u>	<u>146,486</u>	<u>14,963,986</u>	<u>14,662,538</u>
Noncurrent Assets:					
Restricted Cash	159	1,951,408	-	1,951,567	1,940,185
Restricted Impact Assessments	850,970	-	-	850,970	747,123
Lease Receivable	2,486,626	-	-	2,486,626	2,707,229
Net Pension Asset	309,858	201,908	21,226	532,992	402,367
Nondepreciable Capital Assets	138,257	275,269	760,562	1,174,088	13,597,819
Depreciable Capital Assets, Net of Depreciation	28,017,278	16,200,815	605,107	44,823,200	30,855,332
Total Noncurrent Assets	<u>31,803,148</u>	<u>18,629,400</u>	<u>1,386,895</u>	<u>51,819,443</u>	<u>50,250,055</u>
TOTAL ASSETS	<u>39,760,288</u>	<u>25,489,760</u>	<u>1,533,381</u>	<u>66,783,429</u>	<u>64,912,593</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Amounts	606,756	395,371	41,564	1,043,691	670,078
Other Post-Employment Related Amounts - LRLIF	19,110	13,105	-	32,215	30,927
Other Post-Employment Related Amounts - Single-Employer	18,753	11,610	1,251	31,614	17,474
Total Deferred Outflows of Resources	<u>644,619</u>	<u>420,086</u>	<u>42,815</u>	<u>1,107,520</u>	<u>718,479</u>
CURRENT LIABILITIES					
Accounts Payable	104,997	635,592	11,664	752,253	1,178,198
Accrued and Other Current Liabilities	34,270	22,619	2,628	59,517	59,300
Accrued Interest	8,231	26,703	-	34,934	31,739
Due to Other Governments	33,589	40,971	-	74,560	68,356
Deposits from Others	104,810	-	125	104,935	125
Compensated Absences	9,807	22,256	1,365	33,428	28,366
Current Portion of Long-Term Obligations	123,118	527,260	-	650,378	568,890
Total Current Liabilities	<u>418,822</u>	<u>1,275,401</u>	<u>15,782</u>	<u>1,710,005</u>	<u>1,934,974</u>
NONCURRENT LIABILITIES					
Other Post-Employment Benefits - LRLIF	55,183	37,844	-	93,027	73,626
Other Post-Employment Benefits - Single Employer	187,505	116,083	12,505	316,093	209,323
Noncurrent Portion of Long-Term Debt	1,954,181	10,261,778	-	12,215,959	11,364,867
Total Noncurrent Liabilities	<u>2,196,869</u>	<u>10,415,705</u>	<u>12,505</u>	<u>12,625,079</u>	<u>11,647,816</u>
TOTAL LIABILITIES	<u>2,615,691</u>	<u>11,691,106</u>	<u>28,287</u>	<u>14,335,084</u>	<u>13,582,790</u>
DEFERRED INFLOWS OF RESOURCES					
Lease Receivable	2,707,229	-	-	2,707,229	2,915,197
Pension Related Amounts	729,433	475,309	49,967	1,254,709	881,658
Other Post-Employment Related Amounts - LRLIF	12,061	8,271	-	20,332	20,834
Other Post-Employment Related Amounts - Single-Employer	78,282	48,464	5,221	131,967	83,294
Total Deferred Inflows of Resources	<u>3,527,005</u>	<u>532,044</u>	<u>55,188</u>	<u>4,114,237</u>	<u>3,900,983</u>
NET POSITION					
Net Investment in Capital Assets	26,078,236	5,687,046	1,365,669	33,130,951	32,037,186
Restricted	1,038,310	2,073,378	12,823	3,124,511	3,089,518
Unrestricted	7,145,665	5,926,272	114,229	13,186,166	13,020,595
TOTAL NET POSITION	<u>\$ 34,262,211</u>	<u>\$ 13,686,696</u>	<u>\$ 1,492,721</u>	<u>\$ 49,441,628</u>	<u>\$ 48,147,299</u>

See Accompanying Notes

CITY OF HUDSON, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	Water Utility	Sewer Utility	Nonmajor Funds	Totals	
				2022	2021
OPERATING REVENUES					
Charges for Services	\$ 3,971,037	\$ 2,952,693	\$ 264,079	\$ 7,187,809	\$ 6,256,949
Other Operating Revenues	448,698	23,531	12,996	485,225	733,193
Total Operating Revenues	<u>4,419,735</u>	<u>2,976,224</u>	<u>277,075</u>	<u>7,673,034</u>	<u>6,990,142</u>
OPERATING EXPENSES					
Operation and Maintenance	2,315,315	1,918,960	254,551	4,488,826	4,005,514
Depreciation	1,010,363	666,980	78,051	1,755,394	1,537,608
Total Operating Expenses	<u>3,325,678</u>	<u>2,585,940</u>	<u>332,602</u>	<u>6,244,220</u>	<u>5,543,122</u>
OPERATING INCOME (LOSS)	<u>1,094,057</u>	<u>390,284</u>	<u>(55,527)</u>	<u>1,428,814</u>	<u>1,447,020</u>
NONOPERATING REVENUES (EXPENSE)					
Gain on Disposal of Capital Assets	-	-	-	-	85
Investment Income	74,945	91,526	8,067	174,538	17,995
Interest Expense	(44,334)	(151,740)	-	(196,074)	(112,365)
Hook-up Fees	-	331,448	-	331,448	269,512
Miscellaneous	1,935	-	-	1,935	657
Total Nonoperating Revenues (Expense)	<u>32,546</u>	<u>271,234</u>	<u>8,067</u>	<u>311,847</u>	<u>175,884</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,126,603</u>	<u>661,518</u>	<u>(47,460)</u>	<u>1,740,661</u>	<u>1,622,904</u>
TRANSFERS OUT	<u>(460,786)</u>	<u>(83,321)</u>	<u>(791,247)</u>	<u>(1,335,354)</u>	<u>(592,952)</u>
CAPITAL CONTRIBUTIONS	<u>889,022</u>	<u>-</u>	<u>-</u>	<u>889,022</u>	<u>149,634</u>
CHANGE IN NET POSITION	<u>1,554,839</u>	<u>578,197</u>	<u>(838,707)</u>	<u>1,294,329</u>	<u>1,179,586</u>
NET POSITION - BEGINNING	<u>32,707,372</u>	<u>13,108,499</u>	<u>2,331,428</u>	<u>48,147,299</u>	<u>46,967,713</u>
NET POSITION - ENDING	<u>\$ 34,262,211</u>	<u>\$ 13,686,696</u>	<u>\$ 1,492,721</u>	<u>\$ 49,441,628</u>	<u>\$ 48,147,299</u>

CITY OF HUDSON, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	Water Utility	Sewer Utility	Nonmajor Funds	Totals	
				2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 4,398,787	\$ 2,781,155	\$ 180,491	\$ 7,360,433	\$ 6,473,719
Cash Received from Governmental Subsidies/Grants	3,126	35,671	-	38,797	57,412
Cash Received from Parking Forfeitures	-	-	138,028	138,028	119,792
Cash Paid to Suppliers for Goods and Services	(1,167,507)	(1,610,252)	(183,581)	(2,961,340)	(2,177,986)
Cash Paid to Employees For Wages and Benefits	(1,017,721)	(706,009)	(98,407)	(1,822,137)	(1,909,864)
Net Cash Flows From Operating Activities	<u>2,216,685</u>	<u>500,565</u>	<u>36,531</u>	<u>2,753,781</u>	<u>2,563,073</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Merchandising, Jobbing, and Other Nonoperating Income	1,935	-	-	1,935	-
Transfer to Other Funds	(460,786)	(83,321)	(791,247)	(1,335,354)	(540,668)
Net Cash Flows From Noncapital Financing Activities	<u>(458,851)</u>	<u>(83,321)</u>	<u>(791,247)</u>	<u>(1,333,419)</u>	<u>(540,668)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(475,228)	(2,036,183)	-	(2,511,411)	(8,847,714)
Sale of Capital Assets	-	6,144	-	6,144	85
Cash Received for Hook-up Fees	-	331,448	-	331,448	269,512
Cash Received for Impact Fees	94,758	-	-	94,758	10,964
Principal Payments on Long-Term Debt	(121,680)	(488,694)	-	(610,374)	(120,268)
Proceeds from Long-Term Debt	-	1,543,611	-	1,543,611	9,734,121
Interest and Fiscal Charges	(45,531)	(148,005)	-	(193,536)	(89,932)
Net Cash Flows From Capital and Related Financing Activities	<u>(547,681)</u>	<u>(791,679)</u>	<u>-</u>	<u>(1,339,360)</u>	<u>956,768</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	74,945	91,526	8,067	174,538	17,995
CHANGE IN CASH AND INVESTMENTS	<u>1,285,098</u>	<u>(282,909)</u>	<u>(746,649)</u>	<u>255,540</u>	<u>2,997,168</u>
CASH AND INVESTMENTS - BEGINNING	<u>6,232,502</u>	<u>8,123,048</u>	<u>879,546</u>	<u>15,235,096</u>	<u>12,237,928</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 7,517,600</u>	<u>\$ 7,840,139</u>	<u>\$ 132,897</u>	<u>\$ 15,490,636</u>	<u>\$ 15,235,096</u>
RECONCILIATION OF CASH ACCOUNTS					
Cash and Investments	\$ 6,666,471	\$ 5,888,731	\$ 132,897	\$ 12,688,099	\$ 12,547,788
Restricted Cash and Investments	851,129	1,951,408	-	2,802,537	2,687,308
Total Reconciliation of Cash Accounts	<u>\$ 7,517,600</u>	<u>\$ 7,840,139</u>	<u>\$ 132,897</u>	<u>\$ 15,490,636</u>	<u>\$ 15,235,096</u>

CITY OF HUDSON, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	
				<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM					
Operating Income (Loss)	\$ 1,094,057	\$ 390,284	\$ (55,527)	\$ 1,428,814	\$ 1,447,020
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Depreciation	1,010,363	666,980	78,051	1,755,394	1,537,608
Meter Depreciation Charged to Sewer	106,853	(106,853)	-	-	-
Changes in Assets and Liabilities:					
Customer Accounts Receivable	(34,576)	(136,362)	31,719	(139,219)	(196,182)
Accounts Receivable on Tax Roll	(4,339)	(37,106)	-	(41,445)	(8,266)
Other Receivables	17,967	(58,707)	9,725	(31,015)	(7,906)
Due From Other Governments	(567)	70,266	-	69,699	17,486
Prepaid Items	-	-	3,220	3,220	(3,220)
Materials and Supplies	(9,742)	-	-	(9,742)	880
Net Pension Asset	(66,681)	(58,566)	(5,378)	(130,625)	(198,150)
Deferred Outflows Related to Pension	(201,784)	(156,658)	(15,171)	(373,613)	(191,958)
Deferred Outflows Related to OPEB Plans	(10,032)	(5,237)	(159)	(15,428)	(4,816)
Accounts Payable	11,433	(298,833)	(25,743)	(313,143)	(85,420)
Deposits Payable	(7,992)	-	(248)	(8,240)	20,615
Accrued Wages	1,073	(608)	-	465	8,124
Due to Other Governments	3,693	2,511	-	6,204	(7,211)
Accrued Compensated Absences	(3,081)	6,778	1,365	5,062	(56,909)
Net OPEB Liability Related to OPEB Plans	82,087	44,662	(578)	126,171	34,752
Deferred Inflows Related to Pension	196,590	161,221	15,240	373,051	268,466
Deferred Inflows Related to OPEB Plans	31,363	16,793	15	48,171	(11,840)
Net Cash Flows From Operating Activities	<u>\$ 2,216,685</u>	<u>\$ 500,565</u>	<u>\$ 36,531</u>	<u>\$ 2,753,781</u>	<u>\$ 2,563,073</u>
Non-cash Capital and Related Financing Activities					
Contributions of Capital Assets	<u>\$ 794,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,264</u>	<u>\$ 138,670</u>

CITY OF HUDSON, WISCONSIN
Statement of Fiduciary Net Position
Fiduciary Fund
As of December 31, 2022
With Summarized Information from December 31, 2021

	Custodial	
	Tax Collection	
	Fund	
	2022	2021
ASSETS		
Cash and Investments	\$ 3,432,964	\$ 1,527,389
Taxes Receivable	30,841,648	29,110,878
Total Assets	34,274,612	30,638,267
LIABILITIES		
Due to Other Taxing Entities	34,274,612	30,638,267
NET POSITION	\$ -	\$ -

CITY OF HUDSON, WISCONSIN
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	Custodial Fund	
	Tax Collection	
	Fund	
	2022	2021
ADDITIONS		
Taxes Collected on Behalf of Other Taxing Entities	\$ 19,330,240	\$ 30,249,287
DEDUCTIONS		
Taxes Remitted to Other Taxing Entities	19,330,240	30,249,287
CHANGE IN NET POSITION	-	-
NET POSITION - BEGINNING	-	-
NET POSITION - ENDING	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The City is a Wisconsin municipal corporation governed by an elected six-member council. In accordance with generally accepted accounting principles (GAAP), the financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. A blended component unit, although a legally separate entity, is in substance, considered part of the government's operations and is included within the financial statements of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

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

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

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

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

Fund Financial Statements

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

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/ expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Fund

This fund accounts for the various governmental infrastructure outlay projects of the City in which the time of construction normally exceeds more than one accounting period and often are funded with proceeds of long-term debt.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Tax Incremental District No. 5

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

Tax Incremental District No. 6

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

Proprietary Funds

The City reports the following major proprietary funds:

Water Utility

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

Sewer Utility

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

Fiduciary Fund

The City follows the presentation requirements of accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board and GASB Statement No. 84, *Fiduciary Activities*. This statement revised the criteria on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four types of fiduciary funds that should be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds.

The City reports the following custodial fund:

Tax Collection Fund

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

Measurement Focus And Basis Accounting

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus And Basis Accounting (Continued)

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

Assets, Liabilities and Net Position or Equity

Cash and Investments

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

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

Restricted Cash

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt.

Accounts Receivable

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

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

Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Installments placed on the 2022 tax roll are recognized as revenue in 2023. Special assessments are subject to collection procedures.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Inventories

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

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

Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation.

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

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

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

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Compensated Absences

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Pension and Other Post-Employment Benefits

Other Post-Employment Benefits (OPEB)

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

Pension

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payables are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Conduit Debt

The City has approved the issuance of one industrial revenue bond (IRB) for the benefit of a private business enterprise. IRBs are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bond is not reported as a liability in the accompanying financial statements. The City has not made any additional commitments on the IRB outstanding. The total amount of the IRB outstanding at the end of the year is approximately \$722,792.

Interfund Receivables and Payables

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

Interfund Transactions

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

Unearned Revenue

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

Leases

The City adopted GASB Statements No. 87 for the year ended December 31, 2022, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and lessor is required to recognize a lease receivable and a deferred inflow of resources.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Equity Classifications

Government-Wide Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Claims and Judgments

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

Use of Estimates

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

Prior Year Information

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts are summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year financial statements have been classified to conform to the presentation in the current year financial statements with no change in the previously reported fund balance or net position.

Note 2 - Cash and Investments

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

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 2 - Cash and Investments (Continued)

The carrying amount of the City's cash and investment balances consisted of the following as of December 31, 2022:

Deposits in Financial Institutions	\$	4,885,025
Deposits in State Local Government Pooled Investment Fund		12,215,602
Investments in Federal Agency Issuances		4,086,712
Investment in Municipal Bonds and Notes		4,610,902
Investments in U.S. Treasury Securities		8,576,755
Investments in Money Market Funds		1,005,952
Certificate of Deposits		2,811,526
Petty Cash		1,531
Total Cash and Investments		<u>38,194,005</u>
Less Amount Allocated to Component Units		<u>(5,036,475)</u>
Total Cash and Investments	\$	<u><u>33,157,530</u></u>

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

Custodial Credit Risk

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

At December 31, 2022, the City's deposits had a bank balance of \$5,549,211. The City maintains its cash accounts at several financial institutions. Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts); up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2022, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The following represents a summary of deposits as of December 31, 2022:

Fully Insured Deposits	\$	1,750,000
Collateralized		929,229
Uninsured and Uncollateralized		<u>2,869,982</u>
Total	\$	<u><u>5,549,211</u></u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 2 - Cash and Investments (Continued)

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2022.

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

As of December 31, 2022, the City’s credit quality ratings are as follows:

Investment Type	Amount	Exempt From Disclosure	AAA	Aa1	Not Rated
U.S. Treasury Securities	\$ 8,576,755	\$ 8,576,755	\$ -	\$ -	\$ -
Municipal Bonds and Notes	4,610,902	-	639,005	3,971,897	-
Federal Home Loan Bank	1,461,582	-	-	1,461,582	-
Federal Home Loan Mortgage Corp	2,327,784	-	-	2,327,784	-
Federal Farm Credit Bureau	297,297	-	-	297,297	-
Certificate of Deposits	2,811,526	-	-	-	2,811,526
Debt Instrument GNMA	49	-	-	-	49
WI Local Government Investment Pool	12,215,602	-	-	-	12,215,602
	<u>\$ 32,301,497</u>	<u>\$ 8,576,755</u>	<u>\$ 639,005</u>	<u>\$ 8,058,560</u>	<u>\$ 15,027,177</u>

Concentration of Credit Risk

The City’s investment policy states that it will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City’s total investment portfolio will be invested in a single type or with a single financial institution. Investments in any one issuer that represent 5% or more of City’s total investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investment
Federal Home Loan Mortgage Corp	US Government Bond	\$ 2,327,784	7.21%

Interest Rate Risk

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 2 - Cash and Investments (Continued)

As of December 31, 2022, The City's Investments were as follows:

Investments	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Securities	\$ 8,576,755	\$ 8,576,755	\$ -	\$ -	\$ -
Municipal Bonds and Notes	4,610,902	2,557,644	607,298	1,445,960	-
Federal Home Loan Bank	1,461,582	1,461,582	-	-	-
Federal Home Loan Mortgage Corp	2,327,784	2,327,784	-	-	-
Federal Farm Credit Bureau	297,297	297,297	-	-	-
Certificate of Deposits	2,811,526	124,291	2,353,889	333,346	-
Debt Instrument GNMA	49	49	-	-	-
WI Local Government Investment Pool	12,215,602	12,215,602	-	-	-
	<u>\$32,301,497</u>	<u>\$27,561,004</u>	<u>\$ 2,961,187</u>	<u>\$ 1,779,306</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year End</u>
Federal Home Loan Bank	\$ 1,461,582
Federal Home Loan Mortgage Corp	2,327,784
Federal Farm Credit Bureau	297,297
Government National Mortgage Association	49
	<u>\$ 4,086,712</u>

Fair Value

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

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 2 - Cash and Investments (Continued)

	Fair Value Measurement Using		
	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ -	\$ 8,576,755	\$ -
Municipal Bonds and Notes	-	4,610,902	-
Federal Home Loan Bank	-	1,461,582	-
Federal Home Loan Mortgage Corp	-	2,327,784	-
Federal Farm Credit Bureau	-	297,297	-
Certificate of Deposits	-	2,811,526	-
Debt Instrument GNMA	-	49	-
Total Cash and Investments	\$ -	\$ 20,085,895	\$ -

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. Investments in the local government investment pool are not insured. Investments in the LGIP are valued at amortized cost. The balance in the local government investment pool at December 31, 2022 was \$12,215,602.

Note 3 - Restricted Assets

Restricted assets on December 31, 2022 totaled \$2,802,537 and consisted of cash and investments held for the following purposes:

Enterprise Funds:	
Water Utility	
Debt Service	\$ 159
Carmichael Impact Assessments	850,970
Total Water Utility	<u>851,129</u>
Sewer Utility	
Sewer Replacement Fund	<u>1,951,408</u>
Total Restricted Assets	<u>\$ 2,802,537</u>

Note 4 - Property Taxes

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

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

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

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 5 - Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2022 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 8,615,591	\$	\$ 6,079	\$ 8,609,512
Construction in Progress	767,686	375,639	611,789	531,536
Total Capital Assets Not Being Depreciated	<u>9,383,277</u>	<u>375,639</u>	<u>617,868</u>	<u>9,141,048</u>
Capital Assets Being Depreciated				
Right To Use Asset	40,296	5,991	-	46,287
Land Improvements	3,155,303	35,570	-	3,190,873
Buildings and Improvements	13,911,044	458,055	-	14,369,099
Machinery and Equipment	5,204,296	1,299,039	47,905	6,455,430
Vehicles	6,613,986	115,242	-	6,729,228
Infrastructure	92,244,416	1,933,263	-	94,177,679
Total Capital Assets Being Depreciated	<u>121,169,341</u>	<u>3,847,160</u>	<u>47,905</u>	<u>124,968,596</u>
Less Accumulated Depreciation				
Right To Use Asset	(14,265)	(10,639)	-	(24,904)
Land Improvements	(2,341,550)	(92,914)	-	(2,434,464)
Buildings and Improvements	(3,375,755)	(331,758)	-	(3,707,513)
Machinery and Equipment	(3,291,668)	(453,177)	(38,005)	(3,706,840)
Vehicles	(4,041,326)	(383,727)	-	(4,425,053)
Infrastructure	(64,189,182)	(1,727,698)	-	(65,916,880)
Total Accumulated Depreciation	<u>(77,253,746)</u>	<u>(2,999,913)</u>	<u>(38,005)</u>	<u>(80,215,654)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>43,915,595</u>	<u>847,247</u>	<u>9,900</u>	<u>44,752,942</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 53,298,872</u>	<u>\$ 1,222,886</u>	<u>\$ 627,768</u>	<u>\$ 53,893,990</u>

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

Governmental Activities:	
General Government	\$ 242,269
Public Safety	561,124
Public Works	1,997,379
Health and Human Services	588
Culture and Recreation	197,579
Conservation and Development	974
Total Depreciation Expense - Governmental Activities	<u>\$ 2,999,913</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 5 - Capital Assets (Continued)

Capital asset activity for the business-type activities for the year ended December 31, 2022 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water Utility				
Capital Assets not Being Depreciated				
Land and Land Rights	\$ 136,862	\$ -	\$ -	\$ 136,862
Construction in Progress	1,148,755	416,922	1,564,282	1,395
Total Capital Assets Not Being Depreciated	<u>1,285,617</u>	<u>416,922</u>	<u>1,564,282</u>	<u>138,257</u>
Capital Assets Being Depreciated				
Source of Supply	1,873,394	-	-	1,873,394
Pumping Plant	2,390,443	8,901	2,225	2,397,119
Water Treatment	8,476,504	4,818	-	8,481,322
Transmission and Distribution	27,789,152	2,368,019	165,731	29,991,440
General Assets	2,294,595	35,114	16,922	2,312,787
Total Capital Assets Being Depreciated	<u>42,824,088</u>	<u>2,416,852</u>	<u>184,878</u>	<u>45,056,062</u>
Less Accumulated Depreciation				
Source of Supply	(851,759)	(51,775)	-	(903,534)
Pumping Plant	(2,179,242)	(56,485)	(2,225)	(2,233,502)
Water Treatment	(3,570,368)	(274,988)	-	(3,845,356)
Transmission and Distribution	(8,268,646)	(641,496)	(165,731)	(8,744,411)
General Assets	(1,236,431)	(92,472)	(16,922)	(1,311,981)
Total Accumulated Depreciation	<u>(16,106,446)</u>	<u>(1,117,216)</u>	<u>(184,878)</u>	<u>(17,038,784)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>26,717,642</u>	<u>1,299,636</u>	<u>-</u>	<u>28,017,278</u>
Water Utility Capital Assets Net of Accumulated Depreciation	<u>\$ 28,003,259</u>	<u>\$ 1,716,558</u>	<u>\$ 1,564,282</u>	<u>\$ 28,155,535</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 5 - Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Sewer Utility				
Capital Assets not Being Depreciated				
Land	\$ 129,856	\$ -	\$ -	\$ 129,856
Construction in Progress	11,421,784	1,900,367	13,176,738	145,413
Total Capital Assets Not Being Depreciated	<u>11,551,640</u>	<u>1,900,367</u>	<u>13,176,738</u>	<u>275,269</u>
Capital Assets Being Depreciated				
Collection System	680,920	791,936	-	1,472,856
Pumping System	135,363	-	-	135,363
Treatment and Disposal plant	11,450,104	12,455,200	-	23,905,304
General Plant	1,002,875	65,418	15,360	1,052,933
Total Capital Assets Being Depreciated	<u>13,269,262</u>	<u>13,312,554</u>	<u>15,360</u>	<u>26,566,456</u>
Less Accumulated Depreciation				
Collection System	(271,167)	(27,476)	-	(298,643)
Pumping System	(37,639)	(11,614)	-	(49,253)
Treatment and Disposal plant	(8,703,682)	(477,861)	-	(9,181,543)
General Plant	(802,242)	(43,176)	(9,216)	(836,202)
Total Accumulated Depreciation	<u>(9,814,730)</u>	<u>(560,127)</u>	<u>(9,216)</u>	<u>(10,365,641)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>3,454,532</u>	<u>12,752,427</u>	<u>6,144</u>	<u>16,200,815</u>
Sewer Utility Capital Assets Net of Accumulated Depreciation	<u>\$ 15,006,172</u>	<u>\$ 14,652,794</u>	<u>\$ 13,182,882</u>	<u>\$ 16,476,084</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Parking Utility				
Capital Assets not Being Depreciated				
Land	\$ 760,562	\$ -	\$ -	\$ 760,562
Capital Assets Being Depreciated				
Improvement to Lots	991,691	-	-	991,691
Equipment	445,048	-	-	445,048
Total Capital Assets Being Depreciated	<u>1,436,739</u>	<u>-</u>	<u>-</u>	<u>1,436,739</u>
Less Accumulated Depreciation				
Improvement to Lots	(619,939)	(42,559)	-	(662,498)
Equipment	(133,642)	(35,492)	-	(169,134)
Total Accumulated Depreciation	<u>(753,581)</u>	<u>(78,051)</u>	<u>-</u>	<u>(831,632)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>683,158</u>	<u>(78,051)</u>	<u>-</u>	<u>605,107</u>
Parking Utility Capital Assets Net of Accumulated Depreciation	<u>\$ 1,443,720</u>	<u>\$ (78,051)</u>	<u>\$ -</u>	<u>\$ 1,365,669</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 5 - Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Total Business-Type Activities:				
Capital Assets Not Being Depreciated	\$ 13,597,819	\$ 2,317,289	\$ 14,741,020	\$ 1,174,088
Capital Assets Being Depreciated	<u>57,530,089</u>	<u>15,729,406</u>	<u>200,238</u>	<u>73,059,257</u>
Total Business-Type Capital Assets	<u>71,127,908</u>	<u>18,046,695</u>	<u>14,941,258</u>	<u>74,233,345</u>
Less Accumulated Depreciation	<u>(26,674,757)</u>	<u>(1,755,394)</u>	<u>(194,094)</u>	<u>(28,236,057)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 44,453,151</u>	<u>\$ 16,291,301</u>	<u>\$ 14,747,164</u>	<u>\$ 45,997,288</u>

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

Business-Type Activities:	
Water Utility Depreciation Charged to Accumulated Depreciation	\$ 1,117,216
Less: Share of Meter Depreciation	<u>(106,853)</u>
Total Water Utility Depreciation Expense	<u>1,010,363</u>
Sewer Utility Depreciation Charged to Accumulated Depreciation	560,127
Plus: Share of Meter Depreciation	<u>106,853</u>
Total Sewer Utility Depreciation Expense	<u>666,980</u>
Parking Utility	<u>78,051</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,755,394</u>

Note 6 - Interfund Receivables, Payables and Transfers

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Tax Increment District No. 6	<u>\$ 824,295</u>	Year End Cash Flow Timing

Interfund transfers for the year ended December 31, 2022 were as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 460,786	Property Tax Equivalent
General Fund	Sewer Utility	83,321	Property Tax Equivalent
General Fund	Ambulance Service	791,247	Close Out Fund
Debt Service Fund	General Fund	61,265	Town Share of Fire Truck Purchase
Debt Service Fund	Stormwater Fund	<u>16,260</u>	Share of Debt Service
		<u>\$ 1,412,879</u>	

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 7 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2022:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Debt:					
G.O. Bonds	\$ 17,220,000	\$ 3,860,000	\$ 925,000	\$ 20,155,000	\$ 775,000
G.O. Promissory Notes	5,770,000	-	895,000	4,875,000	1,250,000
Total General Obligation Debt	<u>22,990,000</u>	<u>3,860,000</u>	<u>1,820,000</u>	<u>25,030,000</u>	<u>2,025,000</u>
Adjustments For					
Debt Premium	640,672	83,580	103,201	621,051	-
Lease Liability	26,031	5,991	9,776	22,246	9,129
Compensated Absences	154,466	143,333	154,466	143,333	143,333
Total Governmental Activity					
Long-Term Obligations	<u>\$ 23,811,169</u>	<u>\$ 4,092,904</u>	<u>\$ 2,087,443</u>	<u>\$ 25,816,630</u>	<u>\$ 2,177,462</u>
Business-Type Activities					
General Obligation Debt:					
G.O Bonds					
Water Utility	\$ 700,000	\$ -	\$ 40,000	\$ 660,000	\$ 40,000
Mortgage Revenue Bonds					
Water Utility	1,494,404	-	81,680	1,412,724	83,118
Sewer Utility	9,734,121	1,543,611	488,694	10,789,038	527,260
Compensated Absences	28,366	33,428	28,366	33,428	33,428
Debt Premium	5,232	-	657	4,575	-
Long-Term Obligations	<u>\$ 11,962,123</u>	<u>\$ 1,577,039</u>	<u>\$ 639,397</u>	<u>\$ 12,899,765</u>	<u>\$ 683,806</u>

Total interest paid during the year on long-term debt totaled \$995,484

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

	<u>Date of Issuances</u>	<u>Final Maturities</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balances 12/31/22</u>
Governmental Activities					
Long-Term Obligations					
G.O. Bonds - 2013A	10/09/13	10/01/33	3.00-4.00%	\$ 3,490,000	\$ 2,135,000
G.O. Bonds - 2015A	06/09/15	04/01/35	3.00-3.50%	2,115,000	1,530,000
G.O. Bonds - 2016A	04/12/16	04/01/36	2.00-3.00%	3,110,000	1,655,000
G.O. Bonds - 2017A	05/15/17	12/01/32	2.00-3.00%	2,495,000	1,790,000
G.O. Bonds - 2019A	04/29/19	12/31/39	3.00%	5,960,000	5,530,000
G.O. Bonds - 2021B	05/06/21	04/01/41	1.00-2.00%	3,850,000	3,655,000
G.O. Bonds - 2022A	12/01/22	10/01/42	4.00-5.00%	3,860,000	3,860,000
G.O. Promissory Notes - 2015B	06/09/15	04/01/25	1.50-3.00%	1,885,000	600,000
G.O. Promissory Notes - 2017B	06/01/17	06/01/27	3.00%	2,470,000	1,460,000
G.O. Promissory Notes - 2019B	04/29/19	12/31/29	3.00-4.00%	2,200,000	1,450,000
G.O. Promissory Notes - 2021C	05/06/21	04/01/31	1.15-3.00%	1,645,000	1,365,000
Total Governmental Activities Long-Term Obligations					<u>\$ 25,030,000</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 7 - Long-Term Obligations (Continued)

	<u>Date of Issuances</u>	<u>Final Maturities</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balances 12/31/22</u>
Business Type Activities					
Long-Term Obligations					
G.O Bonds - Water	04/12/16	04/01/36	2.00-3.00%	\$ 3,110,000	\$ 660,000
Mortgage Revenue Bond - Water	12/13/17	05/01/37	1.760%	1,653,550	1,412,724
Mortgage Revenue Bond - Sewer	01/27/21	05/01/40	1.485%	9,734,121	<u>10,789,038</u>
Total Business Type Activities Long-Term Obligations					<u>\$ 12,861,762</u>

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

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,025,000	\$ 681,796	\$ 650,378	\$ 196,784	\$ 2,675,378	\$ 878,580
2024	1,740,000	651,391	659,671	186,220	2,399,671	837,611
2025	1,785,000	594,866	669,105	175,513	2,454,105	770,379
2026	1,835,000	541,141	683,684	164,661	2,518,684	705,802
2027	1,895,000	481,166	693,410	153,961	2,588,410	635,127
2028-2032	7,625,000	1,742,129	3,628,212	603,306	11,253,212	2,345,435
2033-2037	5,110,000	867,389	3,874,641	303,719	8,984,641	1,171,108
2038-2042	3,015,000	234,244	2,002,661	44,902	5,017,661	279,146
	<u>\$ 25,030,000</u>	<u>\$ 5,794,122</u>	<u>\$ 12,861,762</u>	<u>\$ 1,829,066</u>	<u>\$ 37,891,762</u>	<u>\$ 7,623,188</u>

Legal Margin For Debt

The 2022 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$2,864,381,700. The legal debt limit and margin of indebtedness as of December 31, 2022, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Equalized valuation of the City	\$ 2,864,381,700
Statutory limitation percentage	<u>5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	143,219,085
Net outstanding general obligation debt applicable to debt limitation	<u>25,690,000</u>
Legal margin for new debt	<u>\$ 117,529,085</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 7 - Long-Term Obligations (Continued)

Utility Revenues Pledged

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

The Clean Water Fund Loan and Mortgage Revenue Bonds are payable from Sewerage System net revenues and payable through 2040. The total principal and interest remaining to be paid on the loans is \$12,294,488. Principal and interest paid for the current year and total Sewerage System net revenues were \$636,699 and \$1,176,850, respectively. The Sewerage System did meet the Clean Water Fund Loan revenue requirements in 2022.

The Safe Drinking Water Loans and Mortgage Revenues Bonds are payable from Water System net revenues and are payable through 2037. The total principal and interest remaining to be paid on the loans is \$1,607,292. Principal and interest paid for the current year and total water system net revenues were \$107,263 and \$2,201,691, respectively. The Water System did meet the Safe Drinking Water Loans and Revenue Bonds revenue requirements in 2022.

Note 8 - Fund Equity

Fund Financial Statements

At December 31, 2022 the governmental fund balances are as follows:

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned (Deficit)</u>
Major Funds						
General Fund:						
Delinquent Taxes	\$ 54,250	\$ 54,250	\$ -	\$ -	\$ -	\$ -
Prepaid Items	34,987	34,987	-	-	-	-
Police Equipment	13,252	-	-	-	13,252	-
Fire Equipment	81,850	-	-	-	81,850	-
Energy Savings	7,577	-	-	-	7,577	-
BOGO Tree Funds	1,584	-	-	-	1,584	-
Health Insurance Reserve	449,899	-	-	-	449,899	-
Unassigned	5,170,547	-	-	-	-	5,170,547
Debt Service Fund	21,432	-	21,432	-	-	-
Capital Projects Fund	3,050,208	-	-	3,050,208	-	-
TID No. 5	1,596,136	-	1,596,136	-	-	-
TID No. 6	(1,050,789)	-	-	-	-	(1,050,789)
NonMajor Funds:						
Special Revenue Funds:						
Impact Fees Fund	1,375,409	-	1,375,409	-	-	-
Room Tax Fund	99,960	-	-	99,960	-	-
American Rescue Plan Act (ARPA) Fund	17,074	-	-	-	17,074	-
Sewer Collection System Replacement	1,281,412	-	-	1,281,412	-	-
Park Dedication Fees	839,521	-	839,521	-	-	-
Police Donations	41,259	-	41,259	-	-	-
Police Drug Forfeitures	5,445	-	5,445	-	-	-
Business Park Revolving Loan Fund	590,612	-	590,612	-	-	-
Storm Water MS-4	162,331	-	-	162,331	-	-
Storm Water	537,022	-	-	537,022	-	-
Special Assessments	479	-	-	-	479	-
Total Governmental Fund Balances As of December 31, 2022	<u>\$ 14,381,457</u>	<u>\$ 89,237</u>	<u>\$ 4,469,814</u>	<u>\$ 5,130,933</u>	<u>\$ 571,715</u>	<u>\$ 4,119,758</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 8 - Fund Equity (Continued)

Government-Wide Financial Statements

At December 31, 2022 net position was as follows:

	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets			
Net Capital Assets	\$ 53,893,990	\$ 45,997,288	\$ 99,891,278
Less: Related Long-Term Debt	(25,030,000)	(12,861,762)	(37,891,762)
Less: Premium on Capital Debt	(621,051)	(4,575)	(625,626)
Less: Lease Liability	(22,246)	-	(22,246)
Total Net Investment in Capital Assets	<u>28,220,693</u>	<u>33,130,951</u>	<u>61,351,644</u>
Restricted			
Impact Fees	1,375,409	-	1,375,409
Park Fees	839,521	-	839,521
Police Fees and Donations	46,704	-	46,704
Community Development Loans	590,612	-	590,612
Capital Projects	1,596,136	-	1,596,136
Debt Service	-	159	159
Special Assessments	-	850,970	850,970
Asset Replacement	-	1,951,408	1,951,408
Pension Benefits	1,960,007	321,974	2,281,981
Total Restricted	<u>6,408,389</u>	<u>3,124,511</u>	<u>9,532,900</u>
Unrestricted	<u>8,790,246</u>	<u>13,186,166</u>	<u>21,976,412</u>
Total Government-Wide Activities Net Position	<u>\$ 43,419,328</u>	<u>\$ 49,441,628</u>	<u>\$ 92,860,956</u>

Note 9 - Individual Fund Balance Disclosures

The following governmental funds have a deficit fund balance as of December 31, 2022:

Tax Incremental District No. 6	<u>\$ 1,050,789</u>
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These deficit fund balances will be corrected with subsequent years' revenues.

Note 10 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 10 - Defined Benefit Pension Plan (Continued)

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	(7.0)%	(7)%
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 10 - Defined Benefit Pension Plan (Continued)

During the reporting period, the WRS recognized \$614,281 in contributions from the City.

Contribution rates as of December 31, 2022 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.04%

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

At December 31, 2022, the City reported an asset of \$3,967,533 for its proportionate share of the net pension asset, with \$3,777,576 relating to the primary government and \$189,957 relating to the City's component units. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.04922386%, which was an increase of 0.0007153% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized a reduction in pension expense of \$344,455.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ 6,409,350	\$ 462,183
Changes in assumptions	740,206	-
Net differences between projected and actual earnings on pension plan investments	-	8,875,702
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,273	2,027
Employer contributions subsequent to the measurement date	614,281	-
Total	7,769,110	9,339,912
Less Amounts Allocated to Component Units	(371,967)	(447,174)
Total Primary Government	\$ 7,397,143	\$ 8,892,738

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 10 - Defined Benefit Pension Plan (Continued)

The \$614,281 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (183,730)
2024	(1,073,981)
2025	(473,413)
2026	(453,959)
	<u>\$ (2,185,083)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 10 - Defined Benefit Pension Plan (Continued)

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

**Asset Allocation Targets and Expected Returns¹
As of December 31, 2021**

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Global Equities	52%	6.8%	4.2%
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund ³	115% *	6.6%	4.0%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	6.3%	3.7%
International Equities	30	7.2	4.6
Total Variable Fund	100%	6.8%	4.2%

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

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

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 10 - Defined Benefit Pension Plan (Continued)

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

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,815,246	\$ (3,967,533)	\$ 8,849,873

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

Payables to the Pension Plan. The City is required to remit the monthly required contribution for both the employee and City portions by the last day of the following month. There was no amount due to WRS as of December 31, 2022.

Note 11 - Post-Employment Benefits Other Than Pension Benefits - LRLIF

General Information About the OPEB Plan

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

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

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

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

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

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

Contribution rates as of December 31, 2022 are:

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 11 - Post-Employment Benefits Other Than Pension Benefits - LRLIF (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are as listed below:

**Life Insurance Member
Contribution Rates ***

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

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

During the reporting period, the Plan recognized \$1,597 in contributions from the City.

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

At December 31, 2022, the City reported a liability of \$407,236 for its proportionate share of the net OPEB liability, with \$388,043 relating to the primary government and \$19,193 relating to the City's component units. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.06890200%, which was an increase of 0.002311% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB expense of \$40,748.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 11 - Post-Employment Benefits Other Than Pension Benefits - LRLIF (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ -	\$ 20,717
Changes in assumptions	123,041	19,739
Net differences between projected and actual earnings on pension plan investments	5,299	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,086	48,548
Employer contributions subsequent to the measurement date	1,597	-
Total	141,023	89,004
Less Amounts Allocated to Component Units	(6,647)	(4,195)
Total Primary Government	\$ 134,376	\$ 84,809

The \$1,597 reported as deferred outflows related to OPEB resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 10,089
2024	9,475
2025	6,999
2026	15,250
2027	7,494
Thereafter	1,115
	\$ 50,422

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 11 - Post-Employment Benefits Other Than Pension Benefits - LRLIF (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability:	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from the prior year, including the price inflation, mortality and separation rates. The total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

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

**State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	45%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5	1.82
U.S. Mortgages	Bloomberg U.S. MBS	50	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 11 - Post-Employment Benefits Other Than Pension Benefits - LRLIF (Continued)

Single Discount Rate. A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 2.17 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
	<hr/>	<hr/>	<hr/>
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 552,473	\$ 407,236	\$ 297,952

Payables to the OPEB Plan. The City is required to remit the monthly required contribution for both the employee and City portions by the last day of the following month. There was no amount due for the life insurance plan at December 31, 2022.

Note 12 - Post-Employment Benefits Other Than Pension Benefits - Single-Employer Plan

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

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

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 12 - Post-Employment Benefits Other Than Pension Benefits - Single-Employer Plan (Continued)

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

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

Employees covered by benefit terms. At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	89
	<u>99</u>

Contributions. The City funds its other postemployment benefit on a pay-as-you go basis. For fiscal year 2022, the City contributed an estimated \$31,236 to the plan.

Total OPEB Liability. The City does not accumulate assets in a trust for payment of OPEB benefits. Accordingly, the City must report its total OPEB liability. The City's total OPEB liability was determined by an actuarial valuation as of January 1, 2021, with a measurement date of January 1, 2022. At December 31, 2022, the City reported a total OPEB liability of \$1,383,731, with \$1,318,514 allocated to the primary government and the remaining amount allocated to component units. Changes in the City's total OPEB liability were as follows:

	Total OPEB Liability
	<u> </u>
Balance at December 31, 2021	\$ 1,321,348
Changes for the Year:	
Service Cost	164,860
Interest	29,197
Differences Between Expected and Actual Experiences	(142,028)
Changes of Assumptions or Other Input	63,308
Benefit Payments	<u>(52,954)</u>
Net Changes	<u>62,383</u>
Balance at December 31, 2022	1,383,731
Less: Allocation to Component Units	65,217
Balance at December 31, 2022 - Primary Government	<u>\$ 1,318,514</u>

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 12 - Post-Employment Benefits Other Than Pension Benefits - Single-Employer Plan (Continued)

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

Measurement Date	January 1, 2022
Actuarial Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age, level percentage of pay
Amortization Method	average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes
Discount Rate	2.00%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.00%
Salary Increases	3.4% - 7.8%
Medical Trend Rates	6.50% as of January 1, 2022 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Mortality Rates	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety with MP 2021 Generational Improvement Scale)

Discount Rate. The discount rate used to measure the total OPEB liability was 2.0%. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 2.0%.

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

	<u>1% Decrease (1.00%)</u>	<u>Current Discount Rate (2.00%)</u>	<u>1% Increase (3.00%)</u>
Total OPEB Liability	\$ 1,491,217	\$ 1,383,731	\$ 1,282,612

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

	<u>1% Decrease (5.5% decreasing to 4.0%)</u>	<u>Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)</u>	<u>1% Increase (7.5% decreasing to 6.0%)</u>
Total OPEB Liability	\$ 1,280,560	\$ 1,383,731	\$ 1,507,146

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 12 - Post-Employment Benefits Other Than Pension Benefits - Single-Employer Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2022, the City recognized OPEB expense of \$117,435. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between OPEB plan - projected and actual experiences	\$ -	\$ 433,499
Changes in assumptions	107,157	144,197
Employer contributions subsequent to the measurement date	31,236	-
Total	138,393	577,696
Less Amounts Allocated to Component Units	(6,523)	(27,228)
Total Primary Government	\$ 131,870	\$ 550,468

The \$31,236 reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023.

The plan does not issue separate financial statements.

Note 13 - Leases

Lessee

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

At December 31, 2022, the City has recognized a right to use asset of \$46,287 and a lease liability of \$22,246 related to this lease. During the current fiscal year, the City recorded \$10,639 as depreciation expense and \$24,904 as total accumulated depreciation related to its right to use asset.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Lease Obligations					
Lease Liability	\$ 26,031	\$ 5,991	\$ 9,776	\$ 22,246	\$ 9,129

Interest paid on lease liability obligation during the year ended December 31, 2022, was \$1,428

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 13 - Leases (Continued)

The remaining obligations associated with the leases at December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 9,129	\$ 1,407	\$ 10,536
2024	8,452	1,224	9,676
2025	4,089	797	4,886
2026	576	264	840
Total	<u>\$ 22,246</u>	<u>\$ 3,692</u>	<u>\$ 25,938</u>

Lessor

At December 31, 2022, the City had eight leases with entities that they lease all or a portion of the City's assets. These leases are for antenna leases on City property and are reflected in the water utility on the statement of net position proprietary funds.

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

For the year end December 31, 2022, the water utility recognized \$207,968 in lease revenue related to these agreements. At December 31, 2022, the utility recorded \$2,707,229 in lease receivables and deferred inflows of resources for these arrangements.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 13 - Leases (Continued)

<u>Leases Receivable</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
AT&T Deer Path Tower Lease	\$ 1,177,849	\$ -	\$ 9,936	\$ 1,167,913
T Mobile Carmichael Tower Lease	168,347	-	40,817	127,530
T Mobile Hanley Rd Tower Lease	365,545	-	24,428	341,117
T Mobile WI St. Tower Lease	197,413	-	37,157	160,256
Verizon Carmichael Tower Lease	310,257	-	26,617	283,640
Verizon Deer Path Tower Lease	175,058	-	27,365	147,693
Verizon Hanley Road Tower Lease	466,577	-	29,124	437,453
Washington County Hanley Rd. Tower Lease	54,151	-	12,524	41,627
Total	<u>\$ 2,915,197</u>	<u>\$ -</u>	<u>\$ 207,968</u>	<u>\$ 2,707,229</u>

Remaining amounts to be received associated with these leases at December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 220,603
2024	234,272
2025	234,192
2026	181,628
2027	131,716
2028-2032	634,377
2033-2037	236,263
2038-2042	214,992
2043-2047	286,940
2048-2052	332,246
Total	<u>\$ 2,707,229</u>

Note 14 - Tax Incremental Financing Districts

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

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

	<u>Termination Year</u>
TID No.5	2045
TID No.6	2038

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 14 - Tax Incremental Financing Districts (Continued)

Tax Abatements

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

For the year ended December 31, 2022, the City abated property taxes of \$767,117 under this program which include the following tax abatement agreements:

- A property tax abatement of \$472,767 to a developer within Tax Incremental District No. 5
- A property tax abatement of \$294,350 to two developers within Tax Incremental District No. 6

Note 15 - 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 management and direction of the City to be used by St. Croix Business Park to assist future economic development projects in the City.

The \$425,000 was recorded in a separate special revenue fund by the City. There were no loans outstanding at December 31, 2022. Outstanding balances on the loans would be shown as long-term receivables in the business park revolving loan special revenue fund. The balance in the fund at December 31, 2022 totaled \$590,612.

Note 16 - 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.

Note 17 - Landfill Postclosure Care Costs

The City is responsible for postclosure care costs relating to a landfill site owned by the City. The landfill was closed in prior years and a cover and monitoring wells were installed in 1992. Future postclosure care costs currently consist solely of monitoring emissions from the site wells and the water quality of identified adjacent property owners' wells. The Wisconsin Department of Natural Resources did not stipulate a specific future timeframe for the required monitoring and, accordingly, no liability has been recorded for these ongoing costs in the government-wide financial statements. Total expenditures during 2022 were \$3,037. Future annual expenditures are expected to be similar to current year expenditures.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 18 - Discretely Presented Component Units

St. Croix Business Park

Capital asset activity for the St. Croix Business Park for the year ended December 31, 2022, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 855,784	\$ -	\$ -	\$ 855,784
Capital Assets Being Depreciated				
Land Improvements	82,725	-	-	82,725
Total Capital Assets	<u>938,509</u>	<u>-</u>	<u>-</u>	<u>938,509</u>
Less Accumulated Depreciation				
Land Improvements	(59,260)	(4,136)	-	(63,396)
Net Capital Assets				
St. Croix Business Park	<u>\$ 879,249</u>	<u>\$ (4,136)</u>	<u>\$ -</u>	<u>\$ 875,113</u>

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

Joint Library

Capital asset activity for the Joint Library for the year ended December 31, 2022, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Being Depreciated				
Buildings and Improvements	\$ 523,386	\$ 34,338	\$ -	\$ 557,724
Machinery and Equipment	710,173	74,413	-	784,586
Total Capital Assets Being Depreciated	<u>1,233,559</u>	<u>108,751</u>	<u>-</u>	<u>1,342,310</u>
Less Accumulated Depreciation				
Buildings and Improvements	(234,364)	(23,987)	-	(258,351)
Machinery and Equipment	(298,403)	(85,297)	-	(383,700)
Total Accumulated Depreciation	<u>(532,767)</u>	<u>(109,284)</u>	<u>-</u>	<u>(642,051)</u>
Net Capital Assets - Joint Library	<u>\$ 700,792</u>	<u>\$ (533)</u>	<u>\$ -</u>	<u>\$ 700,259</u>

Depreciation expense charge to the Joint Library was \$109,284.

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements
December 31, 2022

Note 18 - Discretely Presented Component Units (Continued)

The long-term obligations activity for the Joint Library component unit for the year ended December 31, 2022, was as follows:

	Balance 01/01/22	Additions	Reductions	Balance 12/31/22	Amount Due Within One Year
Compensated Absences	\$ 10,707	\$ 9,378	\$ 10,707	\$ 9,378	\$ 9,378

Community Access Board

Capital asset activity for the Community Access Board for the year ended December 31, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Being Depreciated				
Machinery and Equipment	\$ 281,595	\$ 33,236	\$ -	\$ 314,831
Less Accumulated Depreciation				
Machinery and Equipment	(181,014)	(19,058)	-	(200,072)
Net Capital Assets				
Community Access Board	\$ 100,581	\$ 14,178	\$ -	\$ 114,759

Depreciation expense charge to the Community Access Board was \$19,058.

The long-term obligations activity for the Community Access Board component unit for the year ended December 31, 2022, was as follows:

	Balance 01/01/22	Additions	Reductions	Balance 12/31/22	Amount Due Within One Year
Compensated Absences	\$ 12,576	\$ 16,408	\$ 12,576	\$ 16,408	\$ 16,408

Note 19 - Risk Management

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

CITY OF HUDSON, WISCONSIN

Notes to Financial Statements

December 31, 2022

Note 20 - Contingencies

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

From time to time the City is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of City management, these issues, and any other proceedings known to exist at December 31, 2022, are not likely to have a material adverse impact on the City's financial position.

Note 21 - Subsequent Events

The City issued the following debt subsequent to December 31, 2022.

- General obligation corporate purpose bonds, series 2023A, par amount of \$4,770,000 on May 22, 2023 with an interest rate of 4.00% and a maturity date of April 1, 2043.
- General obligation promissory notes, series 2023B, par amount of \$3,440,000 on May 22, 2023 with interest rates of 3.125%-5.00% and a maturity date of April 1, 2033.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HUDSON, WISCONSIN

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

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

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

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

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

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

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

CITY OF HUDSON, WISCONSIN

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

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

Schedule of Employer Contributions
Local Retiree Life Insurance Plan

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

CITY OF HUDSON, WISCONSIN
Schedule of Budgetary Comparison
Budget and Actual
General Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final Amounts</u>		
REVENUES				
Taxes	\$ 7,196,124	\$ 7,196,124	\$ 7,184,524	\$ (11,600)
Intergovernmental	1,155,219	1,155,219	1,225,409	70,190
Licenses and Permits	420,830	420,830	660,984	240,154
Fines, Forfeitures and Penalties	120,882	120,882	70,087	(50,795)
Public Charges for Services	365,900	365,900	247,221	(118,679)
Intergovernmental Charges for Services	708,991	708,991	712,254	3,263
Miscellaneous	220,206	220,206	1,540,865	1,320,659
Total Revenues	<u>10,188,152</u>	<u>10,188,152</u>	<u>11,641,344</u>	<u>1,453,192</u>
EXPENDITURES				
General Government	2,134,464	2,134,464	3,190,226	(1,055,762)
Public Safety	5,283,861	5,283,861	5,659,288	(375,427)
Transportation Facilities	1,835,171	1,835,171	1,861,970	(26,799)
Sanitation	14,542	14,542	14,227	315
Health and Human Services	14,800	14,800	13,959	841
Culture and Recreation	454,633	454,633	869,677	(415,044)
Conservation and Development	574,051	574,051	548,860	25,191
Capital Outlay	1,000	1,000	43,962	(42,962)
Total Expenditures	<u>10,312,522</u>	<u>10,312,522</u>	<u>12,202,169</u>	<u>(1,889,647)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>(124,370)</u>	<u>(124,370)</u>	<u>(560,825)</u>	<u>(436,455)</u>
OTHER FINANCING SOURCE (USE)				
Transfers In	560,000	560,000	1,335,354	775,354
Transfers Out	-	-	(61,265)	(61,265)
Total Other Financing Source (Use)	<u>560,000</u>	<u>560,000</u>	<u>1,274,089</u>	<u>714,089</u>
NET CHANGE IN FUND BALANCE	435,630	435,630	713,264	277,634
FUND BALANCE - BEGINNING	<u>5,100,682</u>	<u>5,100,682</u>	<u>5,100,682</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,536,312</u>	<u>\$ 5,536,312</u>	<u>\$ 5,813,946</u>	<u>\$ 277,634</u>

CITY OF HUDSON, WISCONSIN
Notes to Required Supplementary Information
For the Year Ended December 31, 2022

Budgetary Process

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

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

Excess of Actual Expenditures Over Budget

The following fund had an excess of actual expenditures over budget for the year ended December 31, 2022:

General Fund	Excess Expenditures
General Government	\$ 1,055,762
Public Safety	375,427
Tranportation Facilities	26,799
Culuture and Recreation	415,044
Capital Outlay	42,962

CITY OF HUDSON, WISCONSIN
Notes to Required Supplementary Information
For the Year Ended December 31, 2022

Defined Benefit Pension Plan

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

Changes of assumptions.

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

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

Post-Employment Benefits Other Than Pension Benefits - LRLIF

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

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

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

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

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

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

Changes of assumptions. There were no recent changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF HUDSON, WISCONSIN

Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31, 2022

	Impact Fees Fund	Room Tax Fund	American Rescue Plan Act (ARPA) Fund	Sewer Collection System Replacement	Park Dedication Fees	Police Donations
ASSETS						
Cash and Investments	\$ 1,374,332	\$ 82,010	\$ 866,546	\$ 1,281,412	\$ 839,521	\$ 41,259
Receivables:						
Accounts Receivable	1,077	59,832	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,375,409	\$ 141,842	\$ 866,546	\$ 1,281,412	\$ 839,521	\$ 41,259
LIABILITIES						
Accounts Payable	\$ -	\$ 41,882	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-
Unearned Revenue						
American Rescue Plan Act Funds	-	-	849,472	-	-	-
Total Liabilities	-	41,882	849,472	-	-	-
FUND BALANCES						
Restricted	1,375,409	-	-	-	839,521	41,259
Assigned	-	-	17,074	-	-	-
Committed	-	99,960	-	1,281,412	-	-
Total Fund Balances	1,375,409	99,960	17,074	1,281,412	839,521	41,259
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,375,409	\$ 141,842	\$ 866,546	\$ 1,281,412	\$ 839,521	\$ 41,259

<u>Golden Rule Donations</u>	<u>Police Drug Forfeitures</u>	<u>Business Park Revolving Loan Fund</u>	<u>Storm Water MS-4 Fund</u>	<u>Storm Water Fund</u>	<u>Special Assessments</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 5,445	\$ 590,612	\$ 162,331	\$ 394,737	\$ 479	\$ 5,638,684
-	-	-	-	133,232	-	194,141
-	-	-	-	13,487	-	13,487
<u>\$ -</u>	<u>\$ 5,445</u>	<u>\$ 590,612</u>	<u>\$ 162,331</u>	<u>\$ 541,456</u>	<u>\$ 479</u>	<u>\$ 5,846,312</u>
\$ -	\$ -	\$ -	\$ -	\$ 976	\$ -	\$ 42,858
-	-	-	-	3,458	-	3,458
-	-	-	-	-	-	849,472
-	-	-	-	4,434	-	895,788
-	5,445	590,612	-	-	-	2,852,246
-	-	-	-	-	479	17,553
-	-	-	162,331	537,022	-	2,080,725
-	5,445	590,612	162,331	537,022	479	4,950,524
<u>\$ -</u>	<u>\$ 5,445</u>	<u>\$ 590,612</u>	<u>\$ 162,331</u>	<u>\$ 541,456</u>	<u>\$ 479</u>	<u>\$ 5,846,312</u>

CITY OF HUDSON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	Impact Fees Fund	Room Tax Fund	American Rescue Plant Act (ARPA) Fund	Sewer Collection System Replacement	Parks Dedication Fees	Police Donations
REVENUES						
Taxes	\$ -	\$ 276,772	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	626,668	-	-	-
Charges for Services	-	-	-	63,138	167,202	-
Investment Income	20,688	848	16,200	11,789	8,139	1,490
Donations	-	-	-	-	1,818	5,957
Miscellaneous	-	-	-	-	-	171
Total Revenues	<u>20,688</u>	<u>277,620</u>	<u>642,868</u>	<u>74,927</u>	<u>177,159</u>	<u>7,618</u>
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	12,203
Transportation Facilities	-	-	-	-	-	-
Culture, Recreation, and Education	-	303,399	-	-	-	-
Conservation and Development	302,798	-	-	-	-	-
Capital Outlay	-	-	626,668	-	-	-
Total Expenditures	<u>302,798</u>	<u>303,399</u>	<u>626,668</u>	<u>-</u>	<u>-</u>	<u>12,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(282,110)</u>	<u>(25,779)</u>	<u>16,200</u>	<u>74,927</u>	<u>177,159</u>	<u>(4,585)</u>
OTHER FINANCING USE						
Transfers Out	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(282,110)</u>	<u>(25,779)</u>	<u>16,200</u>	<u>74,927</u>	<u>177,159</u>	<u>(4,585)</u>
FUND BALANCES - BEGINNING	<u>1,657,519</u>	<u>125,739</u>	<u>874</u>	<u>1,206,485</u>	<u>662,362</u>	<u>45,844</u>
FUND BALANCES - ENDING	<u>\$ 1,375,409</u>	<u>\$ 99,960</u>	<u>\$ 17,074</u>	<u>\$ 1,281,412</u>	<u>\$ 839,521</u>	<u>\$ 41,259</u>

Golden Rule Donations	Police Drug Forfeitures	Business Park Revolving Loan Fund	Storm Water MS-4 Fund	Storm Water Fund	Special Assessments	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,772
-	-	-	-	-	-	626,668
-	-	-	-	532,511	-	762,851
-	1,895	6,548	1,801	4,409	479	74,286
-	-	-	-	-	-	7,775
-	-	-	-	-	-	171
-	1,895	6,548	1,801	536,920	479	1,748,523
-	-	-	-	-	-	12,203
-	-	-	-	514,156	-	514,156
297	-	-	-	-	-	303,696
-	-	-	-	-	-	302,798
-	-	-	-	-	-	626,668
297	-	-	-	514,156	-	1,759,521
(297)	1,895	6,548	1,801	22,764	479	(10,998)
-	-	-	-	(16,260)	-	(16,260)
(297)	1,895	6,548	1,801	6,504	479	(27,258)
297	3,550	584,064	160,530	530,518	-	4,977,782
\$ -	\$ 5,445	\$ 590,612	\$ 162,331	\$ 537,022	\$ 479	\$ 4,950,524

CITY OF HUDSON, WISCONSIN
Combining Statement of Net Position
Nonmajor Proprietary Funds
As of December 31, 2022
With Summarized Comparative Information as of December 31, 2021

			<u>Totals</u>	
	<u>Parking Utility</u>	<u>Ambulance Service</u>	<u>2022</u>	<u>2021</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 132,897	\$ -	\$ 132,897	\$ 879,546
Receivables				
Accounts	3,864	-	3,864	35,583
Taxes	-	-	-	9,725
Other	9,725	-	9,725	9,725
Prepaid Items	-	-	-	3,220
Total Current Assets	<u>146,486</u>	<u>-</u>	<u>146,486</u>	<u>937,799</u>
Noncurrent Assets:				
Net Pension Asset	21,226	-	21,226	15,848
Nondepreciable Capital Assets	760,562	-	760,562	760,562
Depreciable Capital assets, Net of Depreciation	605,107	-	605,107	683,158
Total Noncurrent Assets	<u>1,386,895</u>	<u>-</u>	<u>1,386,895</u>	<u>1,459,568</u>
TOTAL ASSETS	<u>1,533,381</u>	<u>-</u>	<u>1,533,381</u>	<u>2,397,367</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	41,564	-	41,564	26,393
Other Post-Employment Related Amounts - Single-Employer	1,251	-	1,251	1,092
Total Deferred Outflows of Resources	<u>42,815</u>	<u>-</u>	<u>42,815</u>	<u>27,485</u>
CURRENT LIABILITIES				
Accounts Payable	11,664	-	11,664	37,407
Accrued and Other Current Liabilities	2,628	-	2,628	2,876
Deposits Payable	125	-	125	125
Current Portion of Compensated Absences	1,365	-	1,365	-
Total Current Liabilities	<u>15,782</u>	<u>-</u>	<u>15,782</u>	<u>40,408</u>
NONCURRENT LIABILITIES				
Other Post-Employment Benefits - Single Employer	12,505	-	12,505	13,083
TOTAL LIABILITIES	<u>28,287</u>	<u>-</u>	<u>28,287</u>	<u>53,491</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	49,967	-	49,967	34,727
Other Post-Employment Related Amounts - Single-Employer	5,221	-	5,221	5,206
Total Deferred Inflows of Resources	<u>55,188</u>	<u>-</u>	<u>55,188</u>	<u>39,933</u>
NET POSITION				
Net Investment in Capital Assets	1,365,669	-	1,365,669	1,443,720
Restricted	12,823	-	12,823	15,848
Unrestricted	114,229	-	114,229	871,860
TOTAL NET POSITION	<u>\$ 1,492,721</u>	<u>\$ -</u>	<u>\$ 1,492,721</u>	<u>\$ 2,331,428</u>

CITY OF HUDSON, WISCONSIN

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Proprietary Funds

For the Year Ended December 31, 2022

With Summarized Comparative Information from December 31, 2021

	Parking Utility	Ambulance Service	Totals	
			2022	2021
OPERATING REVENUES				
Charges for Services	\$ 264,079	\$ -	\$ 264,079	\$ 261,374
Other Operating Revenues	4,271	8,725	12,996	42,765
Total Operating Revenues	<u>268,350</u>	<u>8,725</u>	<u>277,075</u>	<u>304,139</u>
OPERATING EXPENSES				
Operation and Maintenance	185,009	69,542	254,551	256,650
Depreciation	78,051	-	78,051	78,211
Total Operating Expenses	<u>263,060</u>	<u>69,542</u>	<u>332,602</u>	<u>334,861</u>
OPERATING INCOME (LOSS)	<u>5,290</u>	<u>(60,817)</u>	<u>(55,527)</u>	<u>(30,722)</u>
NONOPERATING REVENUE				
Investment Income	1,489	6,578	8,067	1,159
INCOME (LOSS) BEFORE TRANSFERS	<u>6,779</u>	<u>(54,239)</u>	<u>(47,460)</u>	<u>(29,563)</u>
TRANSFERS OUT	<u>-</u>	<u>(791,247)</u>	<u>(791,247)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>6,779</u>	<u>(845,486)</u>	<u>(838,707)</u>	<u>(29,563)</u>
NET POSITION - BEGINNING	<u>1,485,942</u>	<u>845,486</u>	<u>2,331,428</u>	<u>2,360,991</u>
NET POSITION - ENDING	<u>\$ 1,492,721</u>	<u>\$ -</u>	<u>\$ 1,492,721</u>	<u>\$ 2,331,428</u>

CITY OF HUDSON, WISCONSIN
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2022
With Summarized Comparative Information from December 31, 2021

			<u>Totals</u>	
	<u>Parking Utility</u>	<u>Ambulance Services</u>	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 136,183	\$ 44,308	\$ 180,491	\$ 157,274
Cash Received from Government Subsidies/Grants	-	-	-	39,728
Cash Received from Parking Forfeitures	138,028	-	138,028	119,792
Cash Paid to Suppliers for Goods and Services	(116,816)	(66,765)	(183,581)	(141,313)
Cash Paid to Employees For Wages and Benefits	(95,339)	(3,068)	(98,407)	(97,983)
Net Cash Flows From Operating Activities	<u>62,056</u>	<u>(25,525)</u>	<u>36,531</u>	<u>77,498</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfer to Municipality	-	(791,247)	(791,247)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	-	-	-	(73,224)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	1,489	6,578	8,067	1,159
CHANGE IN CASH AND INVESTMENTS	63,545	(810,194)	(746,649)	5,433
CASH AND INVESTMENTS - BEGINNING	69,352	810,194	879,546	874,113
CASH AND INVESTMENTS - ENDING	<u>\$ 132,897</u>	<u>\$ -</u>	<u>\$ 132,897</u>	<u>\$ 879,546</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM				
Operating Income (Loss)	\$ 5,290	\$ (60,817)	\$ (55,527)	\$ (30,722)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Depreciation	78,051	-	78,051	78,211
Changes in Assets and Liabilities:				
Customer Accounts Receivable	(3,864)	35,583	31,719	13,657
Other Receivables	9,725	-	9,725	(422)
Prepaid Items	3,220	-	3,220	(3,220)
Net Pension Asset	(5,378)	-	(5,378)	(8,064)
Deferred Outflows Related to Pension	(15,171)	-	(15,171)	(8,169)
Deferred Outflows Related to OPEB	(159)	-	(159)	42
Accounts Payable	(25,452)	(291)	(25,743)	26,990
Accrued Wages	(248)	-	(248)	(90)
Accrued Other Liabilities	-	-	-	(2,171)
Due to Other Governments	-	-	-	(580)
Accrued Compensated Absences	1,365	-	1,365	-
Net OPEB Liability Related to OPEB	(578)	-	(578)	1,434
Deferred Inflows Related to Pension	15,240	-	15,240	11,354
Deferred Inflows Related to OPEB	15	-	15	(752)
Net Cash Flows From Operating Activities	<u>\$ 62,056</u>	<u>\$ (25,525)</u>	<u>\$ 36,531</u>	<u>\$ 77,498</u>

OTHER INFORMATION

CITY OF HUDSON, WISCONSIN

Detailed Balance Sheet

General Fund

As of December 31, 2022

With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Investments	\$ 4,544,649	\$ 5,917,607
Receivables:		
Property Taxes	7,474,741	6,709,568
Delinquent Property Taxes	54,250	25,898
Accounts	1,315,469	441,496
Due from Other Funds	824,295	-
Prepaid Items	34,987	40,246
TOTAL ASSETS	<u>\$ 14,248,391</u>	<u>\$ 13,134,815</u>
LIABILITIES		
Accounts Payable	\$ 741,186	\$ 385,150
Accrued Liabilities	218,454	228,063
Due to Other Governments	64	64
Deposits from Others	-	236,333
Total Liabilities	<u>959,704</u>	<u>849,610</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes Levied for Subsequent Period	<u>7,474,741</u>	<u>7,184,523</u>
FUND BALANCES		
Nonspendable	89,237	66,144
Assigned	554,162	547,502
Unassigned	5,170,547	4,487,036
Total Fund Balances	<u>5,813,946</u>	<u>5,100,682</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,248,391</u>	<u>\$ 13,134,815</u>

CITY OF HUDSON, WISCONSIN
Statement of Changes in Fund Balance
General Fund
For the Year Ended December 31, 2022

	Balance 01/01/22	Revenue and Other Sources			Net Transfers From (To) General Fund	Total Available	Expenditures/ Transfers to Other Funds	Balance 12/31/22
		Tax Levy	Interest	Other				
NONSPENDABLE								
Deliquent Taxes	\$ 25,898	\$ -	\$ -	\$ -	\$ 28,352	\$ 54,250	\$ -	\$ 54,250
Prepaid Items	40,246	-	-	-	(5,259)	34,987	-	34,987
Total Nonspendable	\$ 66,144	\$ -	\$ -	\$ -	\$ 23,093	\$ 89,237	\$ -	\$ 89,237
ASSIGNED								
Police Equipment	\$ 13,092	\$ -	\$ 169	\$ -	\$ -	\$ 13,261	\$ 9	\$ 13,252
Fire Equipment	80,867	-	1,038	-	-	81,905	55	81,850
Health Insurance	444,492	-	5,707	-	-	450,199	300	449,899
Energy Savings	7,486	-	96	-	-	7,582	5	7,577
BOGO Tree Funds	1,565	-	20	-	-	1,585	1	1,584
Total Assigned	\$ 547,502	\$ -	\$ 6,861	\$ -	\$ -	\$ 554,532	\$ 370	\$ 554,162

CITY OF HUDSON, WISCONSIN
Detailed Schedule of Budgetary Comparison Revenues
General Fund

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES			
General Property Taxes	\$ 7,184,524	\$ 7,184,524	\$ -
Payment in Lieu of Taxes	10,000	-	(10,000)
Interest on Taxes	1,600	-	(1,600)
Total Taxes	<u>7,196,124</u>	<u>7,184,524</u>	<u>(11,600)</u>
INTERGOVERNMENTAL			
State Aids			
Shared Taxes	160,930	212,540	51,610
Aid for Exempt Computers	30,000	30,502	502
Fire Insurance Dues	80,000	91,912	11,912
Aid for Police Training	4,000	8,660	4,660
General Transportation Aids	800,429	798,263	(2,166)
Personal Property Aid	79,860	79,860	-
Other State Payments	-	3,672	3,672
Total Intergovernmental	<u>1,155,219</u>	<u>1,225,409</u>	<u>70,190</u>
LICENSES AND PERMITS			
Liquor and Malt Beverage Licenses	40,000	23,760	(16,240)
Other Business and Occupational Licenses	19,380	11,835	(7,545)
Dog and Cat Licenses	5,000	6,620	1,620
Cigarette Licenses	2,300	2,500	200
Building Permits	303,000	555,641	252,641
Other Permits	12,150	18,765	6,615
Filing Fees	39,000	41,863	2,863
Total Licenses and Permits	<u>420,830</u>	<u>660,984</u>	<u>240,154</u>
FINES, FORFEITURES AND PENALTIES			
Court Penalties and Fees	120,882	69,937	(50,945)
County Court and Miscellaneous	-	150	150
Total Fines, Forfeitures and Penalties	<u>120,882</u>	<u>70,087</u>	<u>(50,795)</u>
PUBLIC CHARGES FOR SERVICES			
Publication Fees	300	1,050	750
Maps, Copies, and Photos	700	496	(204)
Tax Exempt Property Fees	-	300	300
Assessment Search Fees	6,000	2,439	(3,561)
Administrations Charges to Business Park	12,500	-	(12,500)
Police Special OT	5,000	1,204	(3,796)
Public Education Fees	400	-	(400)
Maintenance Charges	225,000	171,754	(53,246)
Weed and Nuisance Control	1,000	3,821	2,821
Parks and Recreation	30,000	38,526	8,526
Boat Launching	70,000	14,198	(55,802)
Sal Boat Mooring	15,000	13,433	(1,567)
Total Public Charges for Services	<u>365,900</u>	<u>247,221</u>	<u>(118,679)</u>

CITY OF HUDSON, WISCONSIN

Detailed Schedule of Budgetary Comparison Revenues - Continued
General Fund

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Fire Protection - Contracts	508,591	473,470	(35,121)
School Liason Officer	175,000	207,958	32,958
Police Labor Reimbursement	2,000	5,437	3,437
Other Charges	-	1,989	1,989
Library - Administrative Charge	15,000	15,000	-
Cable TV Administrative Charge	8,400	8,400	-
Total Intergovernmental Charges for Services	<u>708,991</u>	<u>712,254</u>	<u>3,263</u>
MISCELLANEOUS			
Investment Income	75,000	24,389	(50,611)
MB Occupancy Costs	99,535	99,535	-
Rent of City Building and Property	5,000	1,200	(3,800)
Rent Charge to Ambulance Service	1,500	1,200	(300)
Insurance Recoveries and Dividends	-	1,366,859	1,366,859
Sale of Assets	4,000	-	(4,000)
Other Miscellaneous Revenue	35,171	47,682	12,511
Total Miscellaneous	<u>220,206</u>	<u>1,540,865</u>	<u>1,320,659</u>
TOTAL REVENUES	<u>\$ 10,188,152</u>	<u>\$ 11,641,344</u>	<u>\$ 1,453,192</u>

CITY OF HUDSON, WISCONSIN
Detailed Schedule of Budgetary Comparison Expenditures
General Fund

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Mayor and Council	\$ 68,231	\$ 94,474	\$ (26,243)
Municipal Court	134,601	122,728	11,873
City Attorney and Other Legal	120,400	104,144	16,256
Clerk-Treasurer	510,740	490,327	20,413
Administrator	168,400	181,852	(13,452)
Labor Negotiator and Drug Test	21,000	8,972	12,028
Information Techonology	317,048	306,153	10,895
Elections	60,300	30,912	29,388
Assessment of Property	74,100	78,904	(4,804)
Insurance	252,099	248,245	3,854
City Hall	145,008	143,740	1,268
Municipal Building	222,537	1,370,852	(1,148,315)
Other General Government	40,000	8,923	31,077
Total General Government	<u>2,134,464</u>	<u>3,190,226</u>	<u>(1,055,762)</u>
PUBLIC SAFETY			
Police Administration	674,333	718,437	(44,104)
Police Patrol	2,656,345	2,975,190	(318,845)
Criminal Investigation	555,396	481,692	73,704
School Officer	244,338	263,112	(18,774)
Police and Fire Commission	2,400	2,219	181
Fire Department	434,759	452,299	(17,540)
Fire Department Training	71,411	55,639	15,772
Fire Department Officers	32,526	32,202	324
Fire Deferred Compensation Wages	22,356	13,429	8,927
Fire Mechanic Wages	10,498	7,704	2,794
Fire Administration	335,031	402,690	(67,659)
Building Inspection	240,768	237,768	3,000
Emergency Government - Sirens	3,100	13,080	(9,980)
Dams	600	3,827	(3,227)
Total Public Safety	<u>5,283,861</u>	<u>5,659,288</u>	<u>(375,427)</u>
TRANSPORTATION FACILITIES			
Director of Public Works	384,711	328,483	56,228
Machinery and Equipment	202,856	206,022	(3,166)
Garage - Storage Sheds	38,500	34,516	3,984
West Garage	8,500	13,152	(4,652)
Street Maintenance	999,104	1,069,746	(70,642)
Highways 94 and 35	30,000	26,802	3,198
Street Lighting	134,000	151,236	(17,236)
Street Signs and Markings	17,500	18,016	(516)
Stop and Go Lights	18,000	13,997	4,003
Sidewalks and Crosswalks	1,000	-	1,000
Curb and Gutter	1,000	-	1,000
Total Transportation Facilities	<u>1,835,171</u>	<u>1,861,970</u>	<u>(26,799)</u>

CITY OF HUDSON, WISCONSIN
Detailed Schedule of Budgetary Comparison Expenditures - Continued
General Fund

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
SANITATION			
Landfill	2,500	3,073	(573)
Weed Control	6,250	7,446	(1,196)
Recycling Coordinator	5,792	3,708	2,084
Total Sanitation	<u>14,542</u>	<u>14,227</u>	<u>315</u>
HEALTH AND HUMAN SERVICES			
Sealer of Weights and Measurers	6,000	6,000	-
Animal Control	8,800	7,959	841
Total Health and Human Services	<u>14,800</u>	<u>13,959</u>	<u>841</u>
CULTURE AND RECREATION			
Joint Library	-	364,365	(364,365)
Parks:			
Park Administration	113,464	111,275	2,189
Park Maintenance	241,164	305,325	(64,161)
Lakefront Park	43,704	39,383	4,321
Grandview Park	56,301	49,329	6,972
Total Culture and Recreation	<u>454,633</u>	<u>869,677</u>	<u>(415,044)</u>
CONSERVATION AND DEVELOPMENT			
Shade Tree Control	139,521	104,711	34,810
Community Development	434,530	444,149	(9,619)
Total Conservation and Development	<u>574,051</u>	<u>548,860</u>	<u>25,191</u>
CAPITAL OUTLAY			
Fire Department	1,000	43,962	(42,962)
TOTAL EXPENDITURES	<u>\$ 10,312,522</u>	<u>\$ 12,202,169</u>	<u>\$ (1,889,647)</u>

CITY OF HUDSON, WISCONSIN
Statement of Net Position
Water Utility
As of December 31, 2022
With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 6,666,471	\$ 5,485,222
Receivables:		
Customers	879,178	844,602
Receivables on Tax Roll	91,929	87,590
Other	43,723	61,690
Due from Other Governments	19,679	19,112
Lease Receivable	220,603	207,968
Inventories	35,557	25,815
Total Current Assets	<u>7,957,140</u>	<u>6,731,999</u>
Noncurrent Assets:		
Restricted Cash	159	157
Restricted Impact Assessments	850,970	747,123
Lease Receivable	2,486,626	2,707,229
Net Pension Asset	309,858	243,177
Nondepreciable Capital Assets	138,257	1,148,755
Depreciable Capital Assets, Net of Depreciation	28,017,278	26,854,504
Total Noncurrent Assets	<u>31,803,148</u>	<u>31,700,945</u>
TOTAL ASSETS	<u>39,760,288</u>	<u>38,432,944</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	606,756	404,972
Other Post-Employment Related Amounts - LRLIF	19,110	18,002
Other Post-Employment Related Amounts - Single-Employer	18,753	9,829
Total Deferred Outflows of Resources	<u>644,619</u>	<u>432,803</u>
CURRENT LIABILITIES		
Accounts Payable	104,997	93,783
Accrued and Other Current Liabilities	34,270	33,197
Accrued Interest	8,231	8,771
Due to Other Governments	33,589	29,896
Deposits from Others	104,810	112,583
Compensated Absences	9,807	12,888
Current Portion of Long-Term Obligations	123,118	121,680
Total Current Liabilities	<u>418,822</u>	<u>412,798</u>
NONCURRENT LIABILITIES		
Lease Receivable	2,707,229	2,915,197
Other Post-Employment Benefits - LRLIF	55,183	42,857
Other Post-Employment Benefits - Single Employer	187,505	117,744
Noncurrent Portion of Long-Term Debt	1,954,181	2,077,956
Total Noncurrent Liabilities	<u>4,904,098</u>	<u>5,153,754</u>
TOTAL LIABILITIES	<u>5,322,920</u>	<u>5,566,552</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	729,433	532,843
Other Post-Employment Related Amounts - LRLIF	12,061	12,127
Other Post-Employment Related Amounts - Single-Employer	78,282	46,853
Total Deferred Inflows of Resources	<u>819,776</u>	<u>591,823</u>
NET POSITION		
Net Investment in Capital Assets	26,078,236	25,803,780
Restricted	1,038,310	990,300
Unrestricted	7,145,665	5,913,292
TOTAL NET POSITION	<u>\$ 34,262,211</u>	<u>\$ 32,707,372</u>

CITY OF HUDSON, WISCONSIN

Statement of Revenues, Expenses and Changes in Net Position

Water Utility

For the Year Ended December 31, 2022

With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Sales of Water		
Residential	\$ 1,164,883	\$ 1,039,723
Commercial	1,673,982	1,670,216
Industrial	9,625	9,104
Public Authorities	53,284	40,164
Multifamily Residential	121,197	105,245
Metered Sales to Temporary Customers	4,407	4,167
Public Fire Protection	153,234	603,168
Private Fire Protection	790,425	149,554
Total Sales of Water	<u>3,971,037</u>	<u>3,621,341</u>
Other Operating Revenues		
Forfeited Discounts	13,245	18,829
Tower Leasing	305,853	282,137
Meter Charge to Sewer	120,600	217,095
Other Operating Revenues	9,000	56,534
Total Other Operating Revenues	<u>448,698</u>	<u>574,595</u>
Total Operating Revenues	<u>4,419,735</u>	<u>4,195,936</u>
OPERATING EXPENSES		
Operation and Maintenance	2,315,315	2,083,502
Depreciation	1,010,363	1,096,968
Total Operating Expenses	<u>3,325,678</u>	<u>3,180,470</u>
OPERATING INCOME	<u>1,094,057</u>	<u>1,015,466</u>
NONOPERATING REVENUES (EXPENSE)		
Gain on Disposal of Capital Assets	-	85
Investment Income	74,945	2,254
Interest Expense	(44,334)	(45,221)
Miscellaneous	1,935	657
Total Nonoperating Revenues (Expense)	<u>32,546</u>	<u>(42,225)</u>
INCOME BEFORE		
CONTRIBUTIONS AND TRANSFERS	1,126,603	973,241
CAPITAL CONTRIBUTIONS		
Plant Contributed by Developers	794,264	138,670
Impact Fees Applied	94,758	10,964
Total Capital Contributions	<u>889,022</u>	<u>149,634</u>
TRANSFERS OUT	<u>(460,786)</u>	<u>(523,567)</u>
CHANGE IN NET POSITION	1,554,839	599,308
NET POSITION - BEGINNING	<u>32,707,372</u>	<u>32,108,064</u>
NET POSITION - ENDING	<u>\$ 34,262,211</u>	<u>\$ 32,707,372</u>

CITY OF HUDSON, WISCONSIN
Statement of Cash Flows
Water Utility
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 4,398,787	\$ 3,875,994
Cash Received from Governmental Subsidies/Grants	3,126	-
Cash Paid to Suppliers for Goods and Services	(1,167,507)	(836,038)
Cash Paid to Employees For Wages and Benefits	(1,017,721)	(1,132,479)
Net Cash Flows From Operating Activities	2,216,685	1,907,477
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Merchandising, Jobbing, and Other Nonoperating Income	1,935	-
Transfer to Other Funds	(460,786)	(523,567)
Net Cash Flows From Noncapital Financing Activities	(458,851)	(523,567)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(475,228)	(976,867)
Sale of Capital Assets	-	85
Cash Received for Impact Fees	94,758	10,964
Principal Payments on Long-Term Debt	(121,680)	(120,268)
Interest and Fiscal Charges	(45,531)	(45,756)
Net Cash Flows From Capital and Related Financing Activities	(547,681)	(1,131,842)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	74,945	2,254
CHANGE IN CASH AND INVESTMENTS	1,285,098	254,322
CASH AND INVESTMENTS - BEGINNING	6,232,502	5,978,180
CASH AND INVESTMENTS - ENDING	\$ 7,517,600	\$ 6,232,502
RECONCILIATION OF CASH ACCOUNTS		
Cash and Investments	\$ 6,666,471	\$ 5,485,222
Restricted Cash and Investments	851,129	747,280
Total Reconciliation of Cash Accounts	\$ 7,517,600	\$ 6,232,502

CITY OF HUDSON, WISCONSIN
Statement of Cash Flows (Continued)
Water Utility
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	2022	2021
RECONCILIATION OF OPERATING INCOME		
TO NET CASH FLOWS FROM		
Operating Income	\$ 1,094,057	\$ 1,015,466
Adjustments to Reconcile Operating Income		
to Net Cash Flows from Operating Activities:		
Depreciation	1,010,363	879,873
Meter Depreciation Charged to Sewer	106,853	217,095
Changes in Assets and Liabilities:		
Customer Accounts Receivable	(34,576)	(90,938)
Accounts Receivable on Tax Roll	(4,339)	(24,703)
Other Receivables	17,967	(7,816)
Due From Other Governments	(567)	(5)
Materials and Supplies	(9,742)	880
Net Pension Asset	(66,681)	(118,327)
Deferred Outflows Related to Pension	(201,784)	(112,668)
Deferred Outflows Related to OPEB Plans	(10,032)	(2,816)
Accounts Payable	11,433	3,559
Deposits Payable	(7,992)	20,615
Accrued Wages	1,073	2,143
Due to Other Governments	3,693	1,838
Accrued Compensated Absences	(3,081)	(47,803)
Net OPEB Liability Related to OPEB Plans	82,087	19,779
Deferred Inflows Related to Pension	196,590	157,962
Deferred Inflows Related to OPEB Plans	31,363	(6,657)
Net Cash Flows From		
Operating Activities	\$ 2,216,685	\$ 1,907,477
Non-cash Capital and Related Financing Activities		
Contributions of Capital Assets	\$ 794,264	\$ 138,670

CITY OF HUDSON, WISCONSIN
Schedule Operating Revenues and Expenses
Water Utility
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Sales of Water		
Residential	\$ 1,164,883	\$ 1,039,723
Commercial	1,673,982	1,670,216
Industrial	9,625	9,104
Public Authorities	53,284	40,164
Multifamily Residential	121,197	105,245
Metered Sales to Temporary Customers	4,407	4,167
Private Fire Protection	153,234	149,554
Public Fire Protection	790,425	603,168
Total Water Sales	<u>3,971,037</u>	<u>3,621,341</u>
Other Operating Revenues		
Forfeited Discounts	13,245	18,829
Tower Leasing	305,853	282,137
Meter Charge to Sewer	120,600	217,095
Other Operating Revenues	9,000	56,534
Total Other Operating Revenues	<u>448,698</u>	<u>574,595</u>
Total Operating Revenues	<u>4,419,735</u>	<u>4,195,936</u>
OPERATING EXPENSES		
Operation and Maintenance		
Pumping Expenses		
Salaries and Wages	162,474	137,302
Fringe Benefits	84,075	73,923
Power Purchased for Pumping	203,447	205,958
Operating Supplies	68,817	71,183
Maintenance of Structures and Improvements	17,418	49,918
Maintenance of Pumping Plant	111,565	27,410
Total Pumping Expense	<u>647,796</u>	<u>565,694</u>
Water Treatment		
Salaries and Wages	61,303	69,668
Fringe Benefits	30,698	34,969
Operating Supplies	37,206	26,040
Chemicals	37,477	31,037
Maintenance Supplies	4,303	5,916
Total Water Treatment	<u>170,987</u>	<u>167,630</u>
Transmission and Distribution		
General Transmission and Distribution		
Salaries and Wages	248,232	192,162
Fringe Benefits	123,265	122,198
Operating Supplies	3,841	2,795
Other Expenses	20,380	-
Maintenance		
Reservoir and Towers		
Salaries and Wages	111	169
Fringe Benefits	56	83
Other Expenses	18,974	23,852
Mains		
Salaries and Wages	1,291	286
Fringe Benefits	469	186
Payment to North Hudson	50,000	162,843
Other Expenses	26,023	43,093
Services		
Salaries and Wages	225	290
Fringe Benefits	179	193
Other Expenses	39,003	26,254

CITY OF HUDSON, WISCONSIN
Schedule Operating Revenues and Expenses (Continued)
Water Utility
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
OPERATING EXPENSES (continued)		
Operation and Maintenance (continued)		
Transmission and Distribution (Continued)		
Meters		
Salaries and Wages	\$ 37,387	\$ 32,828
Fringe Benefits	21,655	17,249
Other Expenses	16,497	60,705
Hydrants		
Salaries and Wages	4,703	15,203
Fringe Benefits	1,921	5,407
Other Expenses	82,228	23,694
Total Transmission and Distribution	<u>696,440</u>	<u>729,490</u>
Meter Reading		
Salaries and Wages	6,686	5,615
Fringe Benefits	3,938	3,409
Other Expenses	30,409	15,054
Total Meter Reading	<u>41,033</u>	<u>24,078</u>
Customer Accounts and Collection		
Salaries and Wages	53,134	43,107
Fringe Benefits	28,711	22,301
Other Expenses	6,241	9,026
Total Customer Accounts and Collection	<u>88,086</u>	<u>74,434</u>
Administrative and General		
Salaries and Wages	256,555	217,473
Office Supplies	59,097	59,425
Outside Services Employed	82,000	96,491
Property Insurance	68,326	63,418
Employee Pensions and Benefits	142,261	27,813
Miscellaneous	3,961	4,003
Transportation		
Salaries	1,028	1,465
Fringe Benefits	676	793
Insurance	5,873	5,710
Other Expenses	35,477	28,805
Maintenance of General Plant	15,719	16,780
Total Administrative and General	<u>670,973</u>	<u>522,176</u>
Total Operation and Maintenance	<u>2,315,315</u>	<u>2,083,502</u>
Other Operating Expenses		
Depreciation	<u>1,010,363</u>	<u>1,096,968</u>
Total Operating Expenses	<u>3,325,678</u>	<u>3,180,470</u>
OPERATING INCOME	<u>\$ 1,094,057</u>	<u>\$ 1,015,466</u>

CITY OF HUDSON, WISCONSIN
Statement of Net Position
Sewer Utility
As of December 31, 2022
With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 5,888,731	\$ 6,183,020
Receivables:		
Customers	730,815	594,453
Receivables on Tax Roll	94,565	57,459
Other	82,629	23,922
Due from Other Governments	63,620	133,886
Total Current Assets	<u>6,860,360</u>	<u>6,992,740</u>
Noncurrent Assets:		
Restricted Cash	1,951,408	1,940,028
Net Pension Asset	201,908	143,342
Nondepreciable Capital Assets	275,269	11,421,784
Depreciable Capital Assets, Net of Depreciation	16,200,815	3,584,388
Total Noncurrent Assets	<u>18,629,400</u>	<u>17,089,542</u>
TOTAL ASSETS	<u>25,489,760</u>	<u>24,082,282</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	395,371	238,713
Other Post-Employment Related Amounts - LRLIF	13,105	12,925
Other Post-Employment Related Amounts - Single-Employer	11,610	6,553
Total Deferred Outflows of Resources	<u>420,086</u>	<u>258,191</u>
CURRENT LIABILITIES		
Accounts Payable	635,592	934,425
Accrued and Other Current Liabilities	22,619	23,227
Accrued Interest	26,703	22,968
Due to Other Governments	40,971	38,460
Compensated Absences	22,256	15,478
Current Portion of Long-Term Obligations	527,260	447,210
Total Current Liabilities	<u>1,275,401</u>	<u>1,481,768</u>
NONCURRENT LIABILITIES		
Other Post-Employment Benefits - LRLIF	37,844	30,769
Other Post-Employment Benefits - Single Employer	116,083	78,496
Noncurrent Portion of Long-Term Debt	10,261,778	9,286,911
Total Noncurrent Liabilities	<u>10,415,705</u>	<u>9,396,176</u>
TOTAL LIABILITIES	<u>11,691,106</u>	<u>10,877,944</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	475,309	314,088
Other Post-Employment Related Amounts - LRLIF	8,271	8,707
Other Post-Employment Related Amounts - Single-Employer	48,464	31,235
Total Deferred Inflows of Resources	<u>532,044</u>	<u>354,030</u>
NET POSITION		
Net Investment in Capital Assets	5,687,046	4,789,686
Restricted	2,073,378	2,083,370
Unrestricted	5,926,272	6,235,443
TOTAL NET POSITION	<u>\$ 13,686,696</u>	<u>\$ 13,108,499</u>

CITY OF HUDSON, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Sewer Utility
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for Services		
Residential	\$ 1,996,433	\$ 1,649,915
Commercial	694,091	560,407
Industrial	19,271	12,100
Public Authorities	67,033	47,597
Multifamily Residential	239,003	174,415
Less: Charges for City/Village Replacement Accounts	(63,138)	(70,200)
Total Charges for Services	<u>2,952,693</u>	<u>2,374,234</u>
Other Operating Revenues		
Forfeited Discounts	12,355	12,649
Dam Maintenance	3,036	17,684
Other Operating Revenues	8,140	85,500
Total Other Operating Revenues	<u>23,531</u>	<u>115,833</u>
Total Operating Revenues	<u>2,976,224</u>	<u>2,490,067</u>
OPERATING EXPENSES		
Operation and Maintenance	1,918,960	1,665,362
Depreciation	666,980	362,429
Total Operating Expenses	<u>2,585,940</u>	<u>2,027,791</u>
OPERATING INCOME	<u>390,284</u>	<u>462,276</u>
NONOPERATING REVENUES (EXPENSE)		
Investment Income	91,526	14,582
Interest Expense	(151,740)	(67,144)
Hook-up Fees	331,448	269,512
Total Nonoperating Revenues (Expense)	<u>271,234</u>	<u>216,950</u>
INCOME BEFORE TRANSFERS	661,518	679,226
TRANSFERS OUT	<u>(83,321)</u>	<u>(69,385)</u>
CHANGE IN NET POSITION	578,197	609,841
NET POSITION - BEGINNING	<u>13,108,499</u>	<u>12,498,658</u>
NET POSITION - ENDING	<u>\$ 13,686,696</u>	<u>\$ 13,108,499</u>

CITY OF HUDSON, WISCONSIN

Statement of Cash Flows

Sewer Utility

For the Year Ended December 31, 2022

With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,781,155	\$ 2,458,135
Cash Received from Governmental Subsidies/Grants	35,671	-
Cash Paid to Suppliers for Goods and Services	(1,610,252)	(1,200,635)
Cash Paid to Employees For Wages and Benefits	(706,009)	(679,402)
Net Cash Flows From Operating Activities	<u>500,565</u>	<u>578,098</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfer to Other Funds	<u>(83,321)</u>	<u>(17,101)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(2,036,183)	(7,797,623)
Sale of Capital Assets	6,144	-
Cash Received for Hook-up Fees	331,448	269,512
Principal Payments on Long-Term Debt	(488,694)	-
Proceeds from Long-Term Debt	1,543,611	9,734,121
Interest and Fiscal Charges	(148,005)	(44,176)
Net Cash Flows From Capital and Related Financing Activities	<u>(791,679)</u>	<u>2,161,834</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>91,526</u>	<u>14,582</u>
CHANGE IN CASH AND INVESTMENTS	(282,909)	2,737,413
CASH AND INVESTMENTS - BEGINNING	<u>8,123,048</u>	<u>5,385,635</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 7,840,139</u>	<u>\$ 8,123,048</u>
RECONCILIATION OF CASH ACCOUNTS		
Cash and Investments	\$ 5,888,731	\$ 6,183,020
Restricted Cash and Investments	1,951,408	1,940,028
Total Reconciliation of Cash Accounts	<u>\$ 7,840,139</u>	<u>\$ 8,123,048</u>

CITY OF HUDSON, WISCONSIN
Statement of Cash Flows (Continued)
Sewer Utility
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	2022	2021
RECONCILIATION OF OPERATING INCOME		
TO NET CASH FLOWS FROM		
Operating Income	\$ 390,284	\$ 462,276
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:		
Depreciation	666,980	579,524
Meter Depreciation Charged to Sewer	(106,853)	(217,095)
Changes in Assets and Liabilities:		
Customer Accounts Receivable	(136,362)	(118,901)
Accounts Receivable on Tax Roll	(37,106)	16,437
Other Receivables	(58,707)	332
Due From Other Governments	70,266	17,491
Net Pension Asset	(58,566)	(71,759)
Deferred Outflows Related to Pension	(156,658)	(71,121)
Deferred Outflows Related to OPEB Plans	(5,237)	(2,042)
Accounts Payable	(298,833)	(115,969)
Accrued Wages	(608)	6,071
Due to Other Governments	2,511	(8,469)
Accrued Compensated Absences	6,778	(6,935)
Net OPEB Liability Related to OPEB Plans	44,662	13,539
Deferred Inflows Related to Pension	161,221	99,150
Deferred Inflows Related to OPEB Plans	16,793	(4,431)
Net Cash Flows From		
 Operating Activities	\$ 500,565	\$ 578,098

CITY OF HUDSON, WISCONSIN
Schedule Operating Revenues and Expenses
Sewer Utility
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	2022	2021
OPERATING REVENUES		
Sewer Revenues		
Residential	\$ 1,996,433	\$ 1,649,915
Commercial	694,091	560,407
Industrial	19,271	12,100
Public Authorities	67,033	47,597
Multifamily Residential	239,003	174,415
Less Charges for City/Village Replacement Accounts	(63,138)	(70,200)
Total Sewer Revenues	2,952,693	2,374,234
Other Operating Revenues		
Forfeited Discounts	12,355	12,649
Dam Maintenance Charges	3,036	17,684
Miscellaneous Service Revenue	8,140	85,500
Total Other Operating Revenues	23,531	115,833
Total Operating Revenues	2,976,224	2,490,067
OPERATING EXPENSES		
Operation and Maintenance		
Collection System		
Salaries and Benefits	7,829	17,884
Supplies	1,090	3,667
Other Services and Charges	12,583	9,960
Total Collection System	21,502	31,511
Wastewater Treatment Plant		
Salaries and Benefits	496,532	415,002
Supplies	103,058	89,648
Biosolid Charges	444,377	364,956
Other Services and Charges	220,219	186,179
Total Wastewater Treatment Plant	1,264,186	1,055,785
Lift Stations		
Salaries and Benefits	13,404	38,010
Supplies	122,843	2,521
Other Services and Charges	573	38,729
Total Lift Stations	136,820	79,260
Dams		
Salaries and Benefits	1,596	2,881
Other Services and Charges	1,194	914
Total Dams	2,790	3,795
Meter Reading		
Salaries and Benefits	15,538	4,156
Supplies	11,293	6,027
Meter Use Charge Paid to Water Utility	92,764	217,095
Total Meter Reading	119,595	227,278
Administrative and General		
Salaries and Benefits	179,495	137,314
Office Supplies	8,879	3,304
Outside Services Employed	26,830	38,062
Property Insurance	72,409	62,426
Employee Pensions and Benefits	85,210	26,627
Miscellaneous General Expenses	1,244	-
Total Administrative and General	374,067	267,733
Total Operation and Maintenance	1,918,960	1,665,362
Other Operating Expenses		
Depreciation	666,980	362,429
Total Operating Expenses	2,585,940	2,027,791
OPERATING INCOME	\$ 390,284	\$ 462,276

CITY OF HUDSON, WISCONSIN

Statement of Net Position

Parking Utility

As of December 31, 2022

With Summarized Information from December 31, 2021

	Totals	
	2022	2021
ASSETS		
Current Assets:		
Cash and Investments	\$ 132,897	\$ 69,352
Receivables:		
Special Assessments	9,725	9,725
Receivables on Tax Roll	-	9,725
Accounts	3,864	-
Prepaid Items	-	3,220
Total Current Assets	146,486	92,022
Noncurrent Assets:		
Net Pension Asset	21,226	15,848
Nondepreciable Capital Assets	760,562	760,562
Depreciable Capital Assets, Net of Depreciation	605,107	683,158
Total Noncurrent Assets	1,386,895	1,459,568
TOTAL ASSETS	1,533,381	1,551,590
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	41,564	26,393
Other Post-Employment Related Amounts - Single-Employer	1,251	1,092
Total Deferred Outflows of Resources	42,815	27,485
CURRENT LIABILITIES		
Accounts Payable	11,664	37,116
Accrued and Other Current Liabilities	2,628	2,876
Deposits from Others	125	125
Compensated Absences	1,365	-
Total Current Liabilities	15,782	40,117
NONCURRENT LIABILITIES		
Other Post-Employment Benefits - Single Employer	12,505	13,083
TOTAL LIABILITIES	28,287	53,200
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	49,967	34,727
Other Post-Employment Related Amounts - Single-Employer	5,221	5,206
Total Deferred Inflows of Resources	55,188	39,933
NET POSITION		
Net Investment in Capital Assets	1,365,669	1,443,720
Restricted	12,823	15,848
Unrestricted	114,229	26,374
TOTAL NET POSITION	\$ 1,492,721	\$ 1,485,942

CITY OF HUDSON, WISCONSIN

Statement of Revenues, Expenses and Changes in Net Position

Parking Utility

For the Year Ended December 31, 2022

With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Parking Meters	\$ 105,339	\$ 125,061
Parking Permits	20,712	18,636
Parking Tickets	138,028	117,677
Other Operating Revenues	4,271	2,537
Total Operating Revenues	<u>268,350</u>	<u>263,911</u>
OPERATING EXPENSES		
Operation and Maintenance		
General Utility	178,597	182,135
Parking Lots	6,412	9,802
Meters	-	46,818
Total Operation and Maintenance	<u>185,009</u>	<u>238,755</u>
Depreciation	78,051	78,211
Total Operating Expenses	<u>263,060</u>	<u>316,966</u>
OPERATING INCOME (LOSS)	<u>5,290</u>	<u>(53,055)</u>
NONOPERATING REVENUE		
Investment Earnings	<u>1,489</u>	<u>1,015</u>
CHANGE IN NET POSITION	6,779	(52,040)
NET POSITION - BEGINNING	<u>1,485,942</u>	<u>1,537,982</u>
NET POSITION - ENDING	<u>\$ 1,492,721</u>	<u>\$ 1,485,942</u>

CITY OF HUDSON, WISCONSIN

Statement of Cash Flows

Parking Utility

For the Year Ended December 31, 2022

With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 136,183	\$ 152,842
Cash Received from Parking Forfeitures	138,028	119,792
Cash Paid to Suppliers for Goods and Services	(116,816)	(124,688)
Cash Paid to Employees For Wages and Benefits	(95,339)	(94,272)
Net Cash Flows From Operating Activities	<u>62,056</u>	<u>53,674</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	<u>-</u>	<u>(73,224)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>1,489</u>	<u>1,015</u>
CHANGE IN CASH AND INVESTMENTS	63,545	(18,535)
CASH AND INVESTMENTS - BEGINNING	<u>69,352</u>	<u>87,887</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 132,897</u>	<u>\$ 69,352</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM		
Operating Income (Loss)	\$ 5,290	\$ (53,055)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation	78,051	78,211
Changes in Assets and Liabilities:		
Customer Accounts Receivable	(3,864)	9,725
Accounts Receivable on Tax Roll	9,725	422
Other Receivables	-	(844)
Prepaid Items	3,220	(3,220)
Net Pension Asset	(5,378)	(8,064)
Deferred Outflows Related to Pension	(15,171)	(8,169)
Deferred Outflows Related to OPEB Plans	(159)	42
Accounts Payable	(25,452)	29,431
Accrued Wages	(248)	(90)
Due to Other Governments	-	(580)
Accrued Compensated Absences	1,365	(2,171)
Net OPEB Liability Related to OPEB Plan	(578)	1,434
Deferred Inflows Related to Pension	15,240	11,354
Deferred Inflows Related to OPEB Plan	15	(752)
Net Cash Flows From Operating Activities	<u>\$ 62,056</u>	<u>\$ 53,674</u>

CITY OF HUDSON, WISCONSIN

Statement of Net Position

Ambulance Service

As of December 31, 2022

With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ -	\$ 810,194
Accounts Receivable	-	35,583
Total Current Assets	<u>-</u>	<u>845,777</u>
CURRENT LIABILITIES		
Accounts Payable	-	291
NET POSITION		
Unrestricted	<u>\$ -</u>	<u>\$ 845,486</u>

CITY OF HUDSON, WISCONSIN

Statement of Revenues, Expenses and Changes in Net Position

Ambulance Service

For the Year Ended December 31, 2022

With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Other Operating Revenues	\$ 8,725	\$ 40,228
OPERATING EXPENSES		
Operation and Maintenance		
Salaries and Benefits	3,068	3,711
Other Services and Charges	66,469	11,084
Operating Supplies	5	100
Insurance	-	3,000
Total Operating Expenses	<u>69,542</u>	<u>17,895</u>
OPERATING INCOME (LOSS)	<u>(60,817)</u>	<u>22,333</u>
NONOPERATING REVENUE		
Investment Earnings	<u>6,578</u>	<u>144</u>
INCOME (LOSS) BEFORE TRANSFERS	(54,239)	22,477
TRANSFERS OUT	<u>(791,247)</u>	<u>-</u>
CHANGE IN NET POSITION	(845,486)	22,477
NET POSITION - BEGINNING	<u>845,486</u>	<u>823,009</u>
NET POSITION - ENDING	<u>\$ -</u>	<u>\$ 845,486</u>

CITY OF HUDSON, WISCONSIN
Statement of Cash Flows
Ambulance Service
For the Year Ended December 31, 2022
With Summarized Information from December 31, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 44,308	\$ 4,432
Cash Received from Governmental Subsidies/Grants	-	39,728
Cash Paid to Suppliers for Goods and Services	(66,765)	(16,625)
Cash Paid to Employees For Wages and Benefits	(3,068)	(3,711)
Net Cash Flows From Operating Activities	<u>(25,525)</u>	<u>23,824</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfer to Municipality	<u>(791,247)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>6,578</u>	<u>144</u>
CHANGE IN CASH AND INVESTMENTS	(810,194)	23,968
CASH AND INVESTMENTS - BEGINNING	<u>810,194</u>	<u>786,226</u>
CASH AND INVESTMENTS - ENDING	<u>\$ -</u>	<u>\$ 810,194</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM		
Operating Income (Loss)	\$ (60,817)	\$ 22,333
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Changes in Assets and Liabilities:		
Customer Accounts Receivable	35,583	3,932
Accounts Payable	(291)	(2,441)
Net Cash Flows From Operating Activities	<u>\$ (25,525)</u>	<u>\$ 23,824</u>