

**CITY OF HUDSON
LENAWEE COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
JUNE 30, 2023**

**CITY OF HUDSON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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November 27, 2023

**Honorable Mayor and Members
of the City Council
City of Hudson
121 N. Church St.
Hudson, Michigan 49247**

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hudson, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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, each major fund, and the aggregate remaining fund information of City of Hudson, Michigan as of June 30, 2023 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 Opinion

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Hudson, Michigan, 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 opinion.

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 the City of Hudson, Michigan'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.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Hudson, Michigan'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 the City of Hudson, Michigan'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 and budgetary comparison information 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.

**Members Of The Village Council
Honorable Mayor and Members
of the City Council
City of Hudson
November 27, 2023**

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's 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.

Respectfully Submitted,



Brent D. Shea, CPA

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

Using This Annual Report

As management of City of Hudson, Michigan, we offer readers of City of Hudson, Michigan's these financial statements. This narrative overview and analysis of the financial activities of City of Hudson, Michigan is for the fiscal year ended June 30, 2023.

The annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of City of Hudson, Michigan's government-wide basis. They are designed to present a longer-term view of the City's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements.

Financial Highlights

The assets of the City of Hudson, Michigan exceeded its liabilities at the end of the fiscal year by \$10,139,947 (net position). The City had a balance of unrestricted funds of \$1,043,778 at the end of the year.

The City's total net position increased by \$279,353, governmental activities increased by \$56,276 and business-type activities increased by \$223,077. Government activities increased over the prior year, due to revenues decreasing by \$93,082, and expenditures decreasing by \$284,115.

Business activities increased in the current year by \$223,077 compared to the prior year increase of \$568,436.

Overview Of The Financial Statements

The City's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) 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 *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

Both of the government-wide financial statements distinguish functions of City of Hudson, Michigan 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 charges (*business-type activities*). The governmental activities of City of Hudson, Michigan include general government, public safety, recreation and culture, public works, community and economic development and other functions. The business-type activity of City of Hudson, Michigan includes the water and sewer system.

The government-wide financial statements can be found on (pages 14-16) 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. City of Hudson, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of City of Hudson, Michigan 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 financial 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 balance provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

City of Hudson, Michigan maintains thirteen individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The General Fund, Ambulance, Income Tax, Fire, Major and Local Streets Funds are considered to be major funds.

City of Hudson, Michigan adopts an annual appropriated budget for the General Fund, Ambulance, Income Tax, Fire, Major and Local Street Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on (pages 17-20) of this report.

Proprietary Fund. City of Hudson, Michigan maintains one type of Proprietary Fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. City of Hudson, Michigan uses an Enterprise Fund to account for its Sewer Fund and Water Fund.

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 the Sewer Fund and Water Fund shown as the (Utilities Fund) which is considered to be major funds of City of Hudson, Michigan.

The basic Proprietary financial statements can be found on (pages 21-25) of this report.

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Hudson, Michigan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic Fiduciary financial statements can be found on (page 26) of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *statement of activities* presents information showing how the government'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 related cash flows. Thus, revenues and expenses are reported in this statement of some times that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works, recreation and culture, community and economic development and other functions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets of the City exceeded the liabilities by \$10,139,947 at the end of the fiscal year.

By far the largest portion of the City's net position (80.9%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure); less any related debt used to acquire these assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

CITY OF HUDSON, MICHIGAN NET POSITION

Governmental Activities

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current and Other Assets	\$1,793,456	\$1,657,778
Capital Assets	<u>6,899,301</u>	<u>7,022,549</u>
Total Assets	<u>8,692,757</u>	<u>8,680,327</u>
<u>Liabilities</u>		
Long-Term Liabilities Outstanding	1,348,671	1,377,001
Other Liabilities	<u>145,106</u>	<u>160,622</u>
Total Liabilities	<u>1,493,777</u>	<u>1,537,623</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	5,603,851	5,706,946
Restricted	891,431	493,569
Unrestricted	<u>703,698</u>	<u>942,189</u>
Total Net Position	<u>\$7,198,980</u>	<u>\$7,142,704</u>

Business Activities

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current and Other Assets	\$ 396,202	\$ 297,019
Capital Assets	<u>6,800,887</u>	<u>6,954,168</u>
Total Assets	<u>7,197,087</u>	<u>7,251,187</u>
<u>Liabilities</u>		
Long-Term Liabilities Outstanding	4,200,000	4,491,665
Other Liabilities	<u>56,122</u>	<u>41,632</u>
Total Liabilities	<u>4,256,122</u>	<u>4,533,297</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	2,600,887	2,462,503
Unrestricted	<u>340,080</u>	<u>255,387</u>
Total Net Position	<u>\$2,940,967</u>	<u>\$2,717,890</u>

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

CITY OF HUDSON, MICHIGAN NET POSITION

Governmental Activities

<u>Revenue</u>	<u>2023</u>	<u>2022</u>
Program Revenue:		
Charges for Services	\$1,534,935	\$1,486,410
Operating Grants and Contributions	546,056	653,687
Capital Grants and Contributions	1,581	235,571
General Revenue:		
Property Taxes/Special Assessments	1,460,265	1,276,513
Grants and Contributions Not Restricted To Specific Program	333,215	336,670
Earnings and Rentals	<u>48,198</u>	<u>28,609</u>
Total Revenue	<u>3,924,378</u>	<u>4,017,460</u>
 <u>Expenses</u>		
General Government	923,663	961,157
Public Safety	1,378,012	1,214,827
Public Works	1,079,441	1,075,355
Community and Economic Development	2,205	355
Recreation and Culture	133,922	67,482
Interest on Long-Term Debt	55,682	20,194
Other Functions	133,922	117,215
Interfund Transfers	<u>161,962</u>	<u>695,632</u>
Total Expenses	<u>3,868,102</u>	<u>4,152,217</u>
 Increase (Decrease) In Net Position	 56,276	 (134,757)
Net Position Beginning of Year	<u>7,124,704</u>	<u>7,277,461</u>
Net Position End of Year	<u>\$7,198,980</u>	<u>\$7,142,704</u>

The City's unrestricted net position of governmental activities reflected a balance of \$703,698 at the end of the fiscal year. The amount invested in capital assets, net of related debt for government activities amounted to a balance of \$5,603,851.

**CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023**

CITY OF HUDSON, MICHIGAN NET POSITION

	<u>Business-Type Activities</u>	
<u>Revenue</u>	<u>2023</u>	<u>2022</u>
Program Revenue:		
Charges for Services	\$ 1,155,528	\$ 1,164,679
General Revenue:		
Interest Income	2,493	22
Grants - State	<u>80,828</u>	<u>32,551</u>
Total Revenue	<u>1,238,849</u>	<u>1,197,252</u>
<u>Expenses</u>		
Interest on Long-Term Debt	85,417	91,796
Utilities Expenses	<u>1,092,317</u>	<u>1,232,652</u>
Total Expenses	<u>1,177,734</u>	<u>1,324,448</u>
Increase (Decrease) In Net Position Before Transfers	61,115	(127,196)
Transfers In	<u>161,192</u>	<u>695,632</u>
Increase (Decrease) In Net Position	223,077	568,632
Net Position Beginning of Year	<u>2,717,890</u>	<u>2,149,454</u>
Net Position End of Year	<u>\$ 2,940,967</u>	<u>\$ 2,717,890</u>

A portion of the City of Hudson, Michigan's net position for business-type activities of \$2,600,887 represents resources that are invested in capital assets, net of related debt. The City's business-type activities show an unrestricted fund balance of \$340,080.

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

CITY OF HUDSON, MICHIGAN NET POSITION

Component Unit Activities

	<u>DDA</u> <u>2023</u>	<u>DDA</u> <u>2022</u>
<u>Assets</u>		
Current and Other Assets	\$ 43,671	\$ 10,700
Capital Assets	<u>268,466</u>	<u>300,469</u>
Total Assets	<u>\$312,137</u>	<u>\$311,169</u>
 <u>Liabilities</u>		
Current Liabilities	\$ ---	\$ 33
Deferred Revenue	<u>---</u>	<u>400</u>
Total Liabilities	<u>---</u>	<u>433</u>
 <u>Net Position</u>		
Invested in Capital Assets	268,466	300,469
Unrestricted	<u>43,671</u>	<u>10,267</u>
Total Net Position	<u>\$312,137</u>	<u>\$310,736</u>
 <u>Revenue</u>		
Community Development:		
Miscellaneous Income	\$ 17,267	\$ 4
Rental Income	800	4,800
Interest Income	<u>---</u>	<u>1</u>
Total Revenue	<u>18,067</u>	<u>4,805</u>
 <u>Expenses</u>		
Expenditures	<u>16,666</u>	<u>17,054</u>
Total Expenses	<u>16,666</u>	<u>17,054</u>
Increase (Decrease) in Net Position	1,401	(12,249)
Net Position Beginning of Year	<u>310,736</u>	<u>322,985</u>
Net Position End of Year	<u>\$312,137</u>	<u>\$310,736</u>

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

Government Activities

Governmental activities increased the City's net position by \$56,276 in the current fiscal year; by comparison, in the prior year, governmental activities net position decreased by \$134,757.

Key elements in the change of the current year:

- Increase in tax revenues of \$183,752.
- Increase in expenditures for public safety of \$163,185.
- Increase in charges for services of \$48,525.

Business-Type Activities

As mentioned under the financial highlights above the business-type activities increased by \$223,077 in the current fiscal year; by comparison, in the prior year, business-type activities net position increased by \$568,436.

Key elements for change include:

- Transfer in to support operations decreased by \$533,670.
- Decrease in expenditures of \$140,335
- Decrease in charges for services of \$9,151.
- Interest earnings increased by \$2,471.

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

Financial Analysis of City's Funds

The City uses fund accounting to insure and demonstrate compliance with finance related legal requirements.

Governmental Funds

As mentioned in the beginning of the Discussion and Analysis the focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The unassigned fund balance may serve as a useful indicator of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,370,040, an increase of \$106,617, in comparison to the prior year. Approximately 35% of this total amount is unassigned fund balances, which is available for spending at the City's discretion.

The General Fund reported a decrease in fund balance of \$57,594 over the prior year, resulting in an unassigned fund balance of \$329,836. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 16.1% of the total general fund expenditures and transfers out.

The decrease is mostly attributable to an increase in transfers out of \$85,000 and an increase in charges for services of \$33,578.

The Ambulance Fund reported an increase in fund balance of \$54,931 over the prior year. Charges for services increased by \$2,830 and public safety expenditures increased by \$91,742. The fund balance ended at \$204,363.

The Income Tax Fund reported an increase in fund balance of \$36,224. Revenues increased by \$118,469, while general governmental expenses increased by \$49,210. The fund balance ended at \$135,595.

The Major Street Fund reported an increase in fund balance of \$72,209. Revenues from grants increased \$10,832, and public works expenditures increased by \$13,057. The fund balance ended at \$247,183.

The Local Street Fund reported an increase in fund balance of \$14,258. Revenue increased by \$6,163 and expenditures increased by \$47,578. The fund balance ended at \$127,150.

The Fire Fund reported an increase in the fund balance of \$21,245. Expenditures increased by \$3,078, and revenues increased by \$15,795. The ending fund balance was \$120,756.

CITY OF HUDSON, MICHIGAN
Management's Discussion and Analysis
For The Year Ended June 30, 2023

Proprietary Fund

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail.

Unrestricted net position of the utilities funds at the end of the year amounted to \$290,512 for the current fiscal year and \$220,032 for the prior year. The utilities fund had an increase in total net position for the year of \$214,864. Most of the increase is attributable to a decrease in operating expenses of \$140,335.

General Fund Budgetary Highlights

The original budget called for an increase in fund balance of \$74,071. The amended budget was for a decrease in fund balance of \$208,551 (See pages 45-46).

For the fiscal year of 2023, the budgetary estimate for the net change in fund balance was a decrease of \$208,551; the actual was a decrease of \$57,594 for a total variance from the budget of \$150,957.

Capital Assets And Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$13,700,188 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery, and equipment. The total increase in the City's investment in capital assets for the current year was \$465,257. See (page 35) for types of capital assets purchased.

Economic Factors And Next Year's Budget And Rates

The City's budget for 2023-2024 year has taken inconsideration, the economic condition, and its effect on revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses.

The following factors were considered in preparing the City's budget.

- To maintain services to the community and maintain an adequate fund balance in reserve.
- To be aware of economic conditions, sources of revenue and potential changes within the community.
- To continue to improve infrastructure.
- To service outstanding debts while sustaining essential government functions.

Contacting The City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 121 N. Church Street, Hudson, Michigan 49247.

CITY OF HUDSON, MICHIGAN
Government-wide Statement of Net Position
For The Year Ended June 30, 2023

	Governmental Activities	Business-Type Activities	Total	Component Units
<u>Assets</u>				
Cash and Equivalents	\$1,461,273	\$ 277,630	\$ 1,738,903	\$ 43,671
Investments	21,826	---	21,826	---
Receivables - Net	310,281	104,504	414,785	---
Inventory	---	14,068	14,068	---
Prepaid Items and Other Assets	76	---	76	---
Capital Assets Not Being Depreciated	266,833	33,600	300,433	32,400
Capital Assets Being Depreciated - Net	<u>6,632,468</u>	<u>6,767,287</u>	<u>13,399,755</u>	<u>236,066</u>
Total Assets	<u>8,692,757</u>	<u>7,197,089</u>	<u>15,889,846</u>	<u>312,137</u>
<u>Liabilities</u>				
Accounts Payable and Accrued Expenses	145,106	56,122	201,228	---
Long-Term Liabilities:				
Due Within One Year	226,862	225,000	451,862	---
Due In More Than One Year	<u>1,121,809</u>	<u>3,975,000</u>	<u>5,096,809</u>	<u>---</u>
Total Liabilities	<u>1,493,777</u>	<u>4,256,122</u>	<u>5,749,899</u>	<u>---</u>
<u>Net Position</u>				
Invested In Capital Assets, Net of Related Debt	5,603,851	2,600,887	8,204,738	268,466
Restricted	891,431	---	891,431	---
Unrestricted	<u>703,698</u>	<u>340,080</u>	<u>1,043,778</u>	<u>43,671</u>
Total Net Position	<u>\$7,198,980</u>	<u>\$2,940,967</u>	<u>\$10,139,947</u>	<u>\$312,137</u>

CITY OF HUDSON, MICHIGAN
Government-wide Statement of Activities
For The Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Operating Charges For Services</u>	<u>Capital Grants And Contributions</u>	<u>Net Grants And Contributions</u>	<u>(Expenses) Revenues</u>
<u>Primary Government</u>					
<u>Governmental Activities:</u>					
General Government	\$ 923,663	\$ 771,139	\$ 24,175	\$ 1,060	\$ (127,289)
Public Safety	1,378,012	609,625	94,934	---	(673,453)
Public Works	1,079,441	137,159	394,781	---	(547,501)
Community and Economic Development	2,205	---	---	---	(2,205)
Recreation and Culture	133,215	17,012	30,494	521	(85,188)
Interest on Long-Term Debt	55,682	---	---	---	(55,682)
Other Functions	<u>133,922</u>	<u>---</u>	<u>1,672</u>	<u>---</u>	<u>(132,250)</u>
Total Governmental Activities	<u>3,706,140</u>	<u>1,534,935</u>	<u>546,056</u>	<u>1,581</u>	<u>(1,623,568)</u>
<u>Business-Type Activities:</u>					
Public Works	1,092,317	1,155,528	---	80,828	144,039
Interest on Long-Term Debt	<u>85,417</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(85,417)</u>
Total Business-Type Activities	<u>1,177,734</u>	<u>1,155,528</u>	<u>---</u>	<u>80,828</u>	<u>58,622</u>
Total Primary Government	<u>\$4,883,874</u>	<u>\$2,690,463</u>	<u>\$546,056</u>	<u>\$ 82,409</u>	<u>\$(1,564,946)</u>
<u>Component Units:</u>					
Downtown Development Authority	<u>16,666</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (16,666)</u>
Total Component Unit	<u>\$ 16,666</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (16,666)</u>

CITY OF HUDSON, MICHIGAN
Government-wide Statement Of Activities (Concluded)
For The Year Ended June 30, 2023

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
<u>Changes In Net Position</u>				
Net (Expense) Revenue	\$(1,623,568)	\$ 58,622	\$(1,564,946)	\$(16,666)
General Revenues(Expense):				
Tax Collections	1,460,265	---	1,460,265	---
Grants and Contributions Not Restricted To				
Specific Programs	333,343	---	333,343	17,267
Earnings and Rentals	48,198	2,493	50,691	800
Interfund Transfers	<u>(161,962)</u>	<u>161,962</u>	<u>---</u>	<u>---</u>
Total General Revenues, Contributions and Transfers	<u>1,679,844</u>	<u>164,455</u>	<u>1,844,299</u>	<u>18,067</u>
Change In Net Position	56,276	223,077	279,353	1,401
Net Position, Beginning of Year	<u>7,142,704</u>	<u>2,717,890</u>	<u>9,860,594</u>	<u>310,736</u>
Net Position, End of Year	<u>\$ 7,198,980</u>	<u>\$ 2,940,967</u>	<u>\$10,139,947</u>	<u>\$ 312,137</u>

CITY OF HUDSON, MICHIGAN
Governmental Funds
Balance Sheet
For The Year Ended June 30, 2023

	General	Ambulance	Income Tax
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 293,665	\$ 163,327	\$135,595
Prepaid Expenses	---	---	---
Receivables - Net	20,697	66,714	61,006
Receivable from Other Governments	52,903	---	---
Inventories	---	---	---
Due From Other Funds	<u>40,989</u>	<u>---</u>	<u>---</u>
Total Assets	<u>\$ 408,254</u>	<u>\$230,041</u>	<u>\$196,601</u>
 <u>Deferred Inflow of Resources</u>			
Income/Property Taxes	<u>\$ 8,660</u>	<u>\$ 1,920</u>	<u>\$ 61,006</u>
Total Deferred Inflow of Resources	<u>8,660</u>	<u>1,920</u>	<u>61,006</u>
 <u>Liabilities</u>			
Accounts Payable/ Accrued Liabilities	69,758	4,262	---
Due to Other Funds	<u>---</u>	<u>19,496</u>	<u>---</u>
Total Liabilities	<u>69,758</u>	<u>23,758</u>	<u>---</u>
 <u>Fund Balances</u>			
Non-Spendable:			
Inventories	---	---	---
Prepaid Expenses	---	---	---
Restricted For:			
Public Safety - Ambulance	---	204,363	---
Public Safety - Fire	---	---	---
Public Safety - Police	3,888	---	---
Public Works - Roads	---	---	---
Recreation and Culture	---	---	---
Cemetery and Perpetual Care	---	---	---
Capital Improvements	---	---	---
Unassigned	<u>325,948</u>	<u>---</u>	<u>135,595</u>
Total Fund Balances	<u>329,836</u>	<u>204,363</u>	<u>135,595</u>
Total Liabilities and Fund Balances	<u>\$ 408,254</u>	<u>\$230,041</u>	<u>\$196,601</u>

The notes to financial statements are an integral part of this statement.

<u>Fire Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$112,123	\$199,190	\$ 110,737	\$221,502	\$1,236,139
76	---	---	---	76
19,057	---	---	---	167,474
---	48,230	16,413	---	117,546
---	---	---	---	---
---	---	---	---	40,989
<u>\$131,256</u>	<u>\$247,420</u>	<u>\$ 127,150</u>	<u>\$221,502</u>	<u>\$1,562,224</u>
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 81,378</u>
---	---	---	---	81,378
708	237	---	16,345	91,310
---	---	---	---	19,496
<u>708</u>	<u>237</u>	<u>---</u>	<u>16,345</u>	<u>110,806</u>
---	---	---	---	---
76	---	---	---	76
---	---	---	---	204,363
120,680	---	---	---	120,680
---	---	---	---	3,888
---	247,183	127,150	---	374,333
---	---	---	59,829	59,829
---	---	---	28,867	28,867
---	---	---	98,051	98,051
---	---	---	18,410	479,953
<u>120,756</u>	<u>247,183</u>	<u>127,150</u>	<u>205,157</u>	<u>1,370,040</u>
<u>\$131,256</u>	<u>\$ 247,420</u>	<u>\$ 127,150</u>	<u>\$221,502</u>	<u>\$1,562,224</u>

CITY OF HUDSON, MICHIGAN
Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds
To Net Position Of Governmental Activities On The Statement of Net Position
For The Year Ended June 30, 2023

Fund Balances – Total Governmental Funds \$ 1,370,040

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

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

Add:	Capital Assets	18,098,349
(Deduct):	Accumulated Depreciation	(11,199,048)

An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Add:	Net Position of governmental activities accounted for in the internal service fund.	207,067
-------------	---	---------

Certain liabilities, such as notes payable, are not due and payable in the current period and therefore are not reported in the funds.

(Deduct):	Notes Payable- Vacuum Truck	(125,000)
(Deduct):	Notes Payable- Ambulance	(129,546)
(Deduct):	Notes Payable- Lucas Device	(13,886)
(Deduct):	Notes Payable- Fire Truck	(335,018)
(Deduct):	Capital Improvement Bond	(692,000)
(Deduct):	Compensated Absences Long-term	(53,221)
(Deduct):	Accrued Interest Payable	(10,135)

Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.

Add:	Deferred Inflow of Resources – Property / Income Tax	<u>81,378</u>
-------------	--	---------------

Net Position of Governmental Activities **\$ 7,198,980**

CITY OF HUDSON, MICHIGAN
Governmental Funds
Statement of Revenue, Expenditures, and Changes In Fund Balances
For The Year Ended June 30, 2023

	General	Ambulance	Income Tax
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>Revenues</u>			
Taxes	\$ 676,043	\$ 85,358	\$ 677,856
Intergovernmental	333,343	---	---
Licenses and Permits	32,560	---	---
Fines and Forfeitures	4,951	---	---
Charges for Services	870,787	609,625	---
Interest and Rentals	10,353	1,751	2,171
Contributions from Local Units	---	---	---
Other	24,175	---	1,672
Grants	1,060	---	---
Contributions	<u>---</u>	<u>---</u>	<u>---</u>
Total Revenue	<u>1,953,272</u>	<u>696,734</u>	<u>681,699</u>
<u>Expenditures</u>			
Current:			
General Government	568,403	---	162,352
Public Safety	452,265	670,475	---
Public Works	749,071	---	---
Community Economic Development	2,205	---	---
Recreation and Culture	---	---	---
Capital Outlay	---	25,348	---
Other Functions	133,922	---	---
Debt Service:			
Principal Payments	---	37,408	---
Interest Payments	<u>---</u>	<u>4,959</u>	<u>---</u>
Total Expenditures	<u>1,905,866</u>	<u>738,190</u>	<u>162,352</u>
Excess of Revenue Over Expenditures	<u>47,406</u>	<u>(41,456)</u>	<u>519,347</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	10,000	100,000	---
Transfers Out	(115,000)	(3,613)	(483,123)
Loan Proceeds	<u>---</u>	<u>---</u>	<u>---</u>
Total Other Financing Sources (Uses)	<u>(105,000)</u>	<u>96,387</u>	<u>(483,123)</u>
Net Change In Fund Balances (Decrease)	(57,594)	54,931	36,224
Fund Balances – Beginning of Year	<u>387,430</u>	<u>149,432</u>	<u>99,371</u>
Fund Balances – End of Year	<u>\$ 329,836</u>	<u>\$204,363</u>	<u>\$ 135,595</u>

The notes to financial statements are an integral part of this statement.

<u>Fire Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ ---	\$ ---	\$ ---	\$ ---	\$1,439,257
---	285,392	109,889	---	728,124
---	---	---	---	32,500
---	---	---	---	4,951
---	---	---	17,012	1,497,424
1,159	2,730	1,441	28,593	48,198
79,619	---	---	---	79,619
15	---	---	30,494	56,356
---	---	---	---	1,060
<u>15,300</u>	<u>---</u>	<u>---</u>	<u>521</u>	<u>15,821</u>
<u>96,093</u>	<u>288,122</u>	<u>110,830</u>	<u>76,620</u>	<u>3,903,370</u>
---	---	---	98,242	828,997
96,937	---	---	---	1,219,677
---	141,833	87,783	---	978,687
---	---	---	---	2,205
---	---	---	105,583	105,583
---	89,080	---	---	163,217
---	---	---	---	133,922
49,745	---	---	58,000	145,153
<u>12,736</u>	<u>---</u>	<u>---</u>	<u>39,655</u>	<u>57,350</u>
<u>159,418</u>	<u>230,913</u>	<u>136,572</u>	<u>301,480</u>	<u>3,634,791</u>
<u>(63,325)</u>	<u>57,209</u>	<u>(25,742)</u>	<u>(224,860)</u>	<u>268,579</u>
92,480	15,000	40,000	190,204	447,684
(7,910)	---	---	---	(609,646)
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<u>84,570</u>	<u>15,000</u>	<u>40,000</u>	<u>190,204</u>	<u>(161,962)</u>
21,245	72,209	14,258	(34,656)	106,617
<u>99,511</u>	<u>174,974</u>	<u>112,892</u>	<u>239,813</u>	<u>1,263,423</u>
<u>\$120,756</u>	<u>\$ 247,183</u>	<u>\$ 127,150</u>	<u>\$205,157</u>	<u>\$1,370,040</u>

CITY OF HUDSON, MICHIGAN
Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Statement Of Activities
For The Year Ended June 30, 2023

Net Change In Fund Balances – Total Governmental Funds (Decrease) \$ 106,617

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.

Add:	Capital Outlay	163,217
(Deduct):	Depreciation Expense	(461,465)

Note proceeds provide current financial resources to governmental funds in the period issued, but issuing notes increase long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add:	Principal payments on long-term liabilities	195,153
Add:	Accrued interest on long-term debt	1,668

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add:	Decrease in compensated absences long-term	8,177
-------------	--	-------

An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Add:	Increase in net position of governmental activities accounted for in the internal service fund	21,901
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Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities.

Add:	Increase in deferred revenue	<u>21,008</u>
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Change In Net Position Of Governmental Activities \$ 56,276

CITY OF HUDSON, MICHIGAN
Statement of Net Position
Proprietary Funds
For The Year Ended June 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Utilities Fund</u>	<u>Internal Service Fund</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 277,630	\$246,960
Accounts Receivable	104,504	3,768
Inventory	14,068	---
Prepaid Interest	<u>---</u>	<u>---</u>
Total Current Assets	<u>396,202</u>	<u>250,728</u>
Non-Current Assets:		
Property and Equipment - Net	<u>6,800,887</u>	<u>350,142</u>
Total Non-Current Assets	<u>6,800,887</u>	<u>350,142</u>
Total Assets	<u>\$7,197,089</u>	<u>\$600,870</u>
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities/Deposits	\$ 99,690	\$ 93
Bonds Payable, Current Portion	225,000	<u>---</u>
Notes Payable Current Portion	<u>---</u>	<u>23,080</u>
Total Current Liabilities	<u>324,690</u>	<u>23,173</u>
Non-Current Liabilities:		
Bonds Payable	3,975,000	---
Notes Payable	<u>---</u>	<u>101,920</u>
Total Non-Current Liabilities	<u>3,975,000</u>	<u>101,920</u>
Total Liabilities	<u>4,299,690</u>	<u>125,093</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt Unrestricted	2,600,887	225,142
	<u>296,512</u>	<u>250,635</u>
Total Net Position	<u>2,897,399</u>	<u>\$475,777</u>
Adjustment to Reflect The Consolidation of Internal Service Fund Activities Related to Enterprise Funds	<u>43,568</u>	
Net Position of Business-Type Activities on the Government-Wide Statement of Net Position	<u>\$2,940,967</u>	

The accompanying notes are an integral part of this financial statement.

CITY OF HUDSON, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Utilities Fund</u>	<u>Internal Service Fund</u>
<u>Operating Revenues</u>		
Charges for Services	<u>\$1,136,015</u>	<u>\$154,725</u>
<u>Operating Expenses</u>		
Salaries and Wages	112,612	---
Fringe Benefits	61,382	---
Office Expenses	335,783	40,849
Contractual Services	67,890	500
Supplies and Materials	102,239	15,799
Utilities	100,213	---
Depreciation	280,321	37,483
Repairs/Maintenance	28,033	31,278
Other Expenses	<u>3,844</u>	<u>---</u>
Total Operating Expenses	<u>1,092,317</u>	<u>125,909</u>
Operating (Loss) Income	<u>43,698</u>	<u>28,816</u>
<u>Non-Operating Revenues (Expenses)</u>		
Investment Income	2,493	3,820
Interest (Expense)	(85,417)	---
Other - Miscellaneous	11,300	9,995
Grant Revenue - State	<u>80,828</u>	<u>---</u>
Total Non-Operating Revenues (Expenses)	<u>9,204</u>	<u>13,815</u>
<u>Other Financing Sources</u>		
Transfer In	248,143	---
Transfer Out	<u>(86,181)</u>	<u>---</u>
Total Other Financing Sources	<u>161,962</u>	<u>---</u>
Net Income	214,864	42,631
Net Position, Beginning of	<u>2,682,535</u>	<u>433,146</u>
Year Net Position, End of Year	<u>\$2,897,399</u>	<u>\$475,777</u>

CITY OF HUDSON, MICHIGAN
Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities
Proprietary Funds
For The Year Ended June 30, 2023

<u>Change In Net Position – All Enterprise Funds</u>	\$ 214,864
An internal service fund is used by management to charge the cost of certain equipment usage to individual enterprise funds. The net revenue (expense) attributable to those funds is reported with the business-type activities	<u>8,213</u>
Change In Net Position Of Business-Type Activities	<u>\$ 223,077</u>

CITY OF HUDSON, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds	Governmental Activities
	<u>Utilities Fund</u>	<u>Internal Service Fund</u>
<u>Cash Flows From Operating Activities</u>		
Cash Received from Customers	\$1,177,068	\$ 164,720
Cash Payment to Suppliers For Goods and Services/Employees	<u>(789,294)</u>	<u>(90,081)</u>
Net Cash Provided (Used)	<u>387,774</u>	<u>74,639</u>
<u>Cash Flows From Capital and Related Financing Activities</u>		
Grant Revenue - State	80,828	---
Purchase of Capital Assets	(127,040)	(175,000)
Sale of Capital Assets	---	---
Bond Principal Payments	(291,665)	---
Bond Interest Payments	(85,417)	---
Loan Proceeds	---	125,000
Transfer In(Out)	<u>161,962</u>	<u>---</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(261,332)</u>	<u>(50,000)</u>
<u>Cash Flows From Investing Activities</u>		
Investment Income	<u>2,493</u>	<u>3,820</u>
Net Cash Provided (Used) by Investing Activities	<u>2,493</u>	<u>3,820</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>		
	128,935	28,459
Cash and Cash Equivalents, Beginning of Year	<u>148,695</u>	<u>218,501</u>
Cash and Cash Equivalents, End of Year	<u>\$ 277,630</u>	<u>\$ 246,960</u>
<u>Reconciliation to Statement of Net Position</u>		
Cash and Cash Equivalents	<u>\$ 277,630</u>	<u>\$ 246,960</u>
	<u>\$ 277,630</u>	<u>\$ 246,960</u>

CITY OF HUDSON, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For The Year Ended June 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Utilities Fund</u>	<u>Internal Service Fund</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>		
Income (Loss)	\$ 43,698	\$ 28,816
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation/Amortization	280,321	37,483
Changes in Assets and Liabilities:		
Accounts Receivable, and Current Assets	29,753	---
Accounts Payable and Accrued Liabilities	<u>22,702</u>	<u>(1,655)</u>
Net Cash Provided (Used) by Operating Activities	<u>376,474</u>	<u>64,644</u>
<u>Cash Flows from Capital Activities</u>		
Acquisition of Capital Assets	(127,040)	(175,000)
Sale of Capital Assets	<u>---</u>	<u>---</u>
Net Cash (Used) from Capital Activities	<u>(127,040)</u>	<u>(175,000)</u>
<u>Cash Flows From Financing Activities:</u>		
Loan Proceeds	---	125,000
Grant Revenue - State	80,828	---
Interest Income	2,493	3,820
Principal Paid on Bonds	(291,665)	---
Interest Paid on Bonds	(85,417)	---
Miscellaneous Income	11,300	9,995
Transfer In(Out)	<u>161,962</u>	<u>---</u>
Net Cash (Used) from Financing Activities	<u>(120,499)</u>	<u>138,815</u>
Net Increase (Decrease) in Cash and		
Cash Equivalents	128,935	28,459
Cash and Cash Equivalents, Beginning of Year	<u>148,695</u>	<u>218,501</u>
Cash and Cash Equivalents, End of Year	<u>\$ 277,630</u>	<u>\$246,960</u>
<u>Reconciliation to Statement of Net Position</u>		
Cash and Cash Equivalents	<u>\$ 277,630</u>	<u>\$246,960</u>
	<u>\$ 277,630</u>	<u>\$246,960</u>

CITY OF HUDSON
Fiduciary Funds – Statement of Net Position
For The Year Ended June 30, 2023

	<u>Current Tax Collection Fund</u>	<u>Payroll Fund</u>	<u>Total Custodial Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ ---	\$5,875	\$5,875
Total Assets	<u>\$ ---</u>	<u>5,875</u>	<u>\$5,875</u>
<u>Liabilities</u>			
Due to Other Authorities	---	5,193	5,193
Due to General Fund	<u>\$ ---</u>	<u>\$ 682</u>	<u>\$ 682</u>
Total Liabilities	<u>\$ ---</u>	<u>\$5,875</u>	<u>\$5,875</u>

Fiduciary Funds – Statement of Changes in Fiduciary Net Position
For The Year Ended June 30, 2023

	<u>Current Tax Collection</u>	<u>Payroll Fund</u>	<u>Total Custodial Funds</u>
Additions			
Property Tax Collections	\$2,025,574	\$ ---	\$ 2,025,574
Miscellaneous	<u>---</u>	<u>2,121,718</u>	<u>2,121,718</u>
Total Additions	<u>2,025,574</u>	<u>2,121,178</u>	<u>4,147,292</u>
Deductions			
Payments of property taxes to other governments	2,025,574	---	2,025,574
Miscellaneous	<u>---</u>	<u>2,121,718</u>	<u>2,121,718</u>
Total Deductions	<u>2,025,574</u>	<u>2,121,718</u>	<u>4,147,292</u>
Changes in Net Position	---	---	---
Net position, beginning of year	<u>---</u>	<u>---</u>	<u>---</u>
Net Position, end of year	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of City Operations

The City of Hudson, Michigan operates under a Council form of government, with a City Manager and provides services to its residents in many areas including public safety, public works, community and economic development and human services.

The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

The accompanying financial statements present the government and its component units, for which the government is considered financially accountable.

The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

Discretely Presented Component Unit

The Downtown Development Authority (DDA) is also governed by a board of directors and promotes economic improvements and growth for the downtown area of the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Fund – Based Statements – 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 if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The Ambulance Fund is a special Revenue Fund that receives monies for contractual services and charges for the purpose of providing Advanced and Basic Life Support Services to the community.

The Income Tax Fund is a Special Revenue Fund that receives monies from residents, non-residents and businesses performing or operating within the City limits of Hudson, Michigan. These monies have been used for special projects, capital in nature.

The Fire Fund is a Special Revenue Fund that receives monies from various governmental units and donations to provide for fire protection for the area.

The Major Street Fund is a Special Revenue Fund that receives state and local funding for the purpose of construction and maintenance of City streets designated as major streets under State of Michigan Act 51 of Public Acts of 1951.

The Local Street Fund is a Special Revenue Fund that receives state and local funding for the purpose of construction and maintenance of City streets designated as local streets under State of Michigan Act 51 of Public Acts of 1951.

The Capital Improvement Fund accounts for funds accumulated for capital improvement projects and for principal and interest payments on long-term general obligation debt.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

The government reports the following major proprietary funds:

The Utilities Fund accounts for acquisition, operation and maintenance of the City's wastewater and water system.

The government reports the following component unit:

The Component Unit – consists of the following:

The Downtown Development Authority is a separate entity, considered a component unit of the primary government, the City, which provides development for the downtown authority, through captured tax revenues. The financial reporting is on a modified accrual method of accounting.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989, for its business-type activities and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *non-operating* 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 Utilities Funds are charges to customers for sales and services. The Utilities Funds also recognize, as operating revenues, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Estimates

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

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

E. Assets, Liabilities, and Net Position or Equity

1. Bank Deposits and Investment

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

2. Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. Prepaid Items

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

4. Inventories

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

5. Restricted Assets

Certain proceeds of enterprise fund revenue bonds and general obligations bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond interest and redemption account is used to segregate resources accumulated for debt service payments. The bond reserve account is used to report resources set aside to make debt service payment on bonds which would otherwise be in default. The replacement account is used to report resources set aside to make major repairs and replacements to fixed operation assets of the enterprise fund.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 – 50
Building	10 – 50
Machinery, Equipment, And Furnishings	5 – 35
Utility Systems	50 – 100
Infrastructure	15 – 100
Vehicles	5 – 15

7. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirement.

8. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs 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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

9. Fund Balance Classification Policies and Procedures

Fund balance classifications shown in the governmental funds financial statements are non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable Fund Balance Classification includes amounts that cannot be spent because they are either non-spendable in form or legally or contractually required to be maintained intact.

Restricted Fund Balance Classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance Classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned Fund Balance Classification are intended to be used by the government for specific purposes but do not meet the criteria of restricted or committed.

Unassigned Fund Balance Classification is the residual.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used it is the government's policy to use restricted fund balances first, then committed, assigned and finally unassigned fund balances.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of May of each year, the City Manager presents the proposed budget for review and holds public hearings, and a final budget is adopted.

The appropriated budget is prepared by fund, function, and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the City Council.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

B. Excess of Expenditures Over Appropriations In Budgeted Funds - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended June 30, 2023, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Assessing	\$ 21,589	\$ 23,667	\$ 2,078
Treasurer	113,038	128,230	15,192
Public Works:			
Refuse Collection	123,000	123,234	234
Ambulance Fund:			
Debt Service:			
Principle Payments	28,935	37,408	8,473
Interest Payments	---	4,959	4,959
Income Tax Fund:			
General Government	148,049	162,352	14,303

NOTE 3 – DEPOSITS AND INVESTMENTS

The government unit's deposits and investment policy are in accordance with statutory authority.

Below is a reconciliation of deposits and investments as of June 30, 2023:

<u>Statement of Net Position</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Cash and Cash Equivalents	<u>\$1,738,903</u>	<u>\$43,671</u>	<u>\$1,782,574</u>
Totals	<u>\$1,738,903</u>	<u>\$43,671</u>	<u>\$1,782,574</u>
<u>Deposits and Investments</u>			
Bank Deposits (Checking, Savings, Money Markets and Certificates of Deposits)			<u>\$1,782,574</u>
Total			<u>\$1,782,574</u>

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

The government complies with state law regarding their investment policy. All deposits are uncollateralized and in the government's name. Due to the dollar amounts of cash deposits and limits of FDIC insurance, the government believes it is impractical to insure all bank deposits. The government does evaluate the financial institutions as to risk. The government has no policy regarding custodial credit risk for deposits. The city's deposits are held in County National Bank sweep accounts, which sweeps available cash in excess of FDIC insurance coverage to other banking institutions to generate interest as well as creating increased FDIC insurance limits through those institutions. The city's entire amount of \$1,738,903 was covered by FDIC along with the entire amount of \$43,671 of the component unit.

Custodial Credit Risk - Investment

The government's only investments are in certificate of deposits which are insured thru the FDIC. In accordance with the government's investment policy, all investments are held in the name of the government and thus are not exposed to custodial credit risks.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The government's investment policy will limit the government to the safest types of investments, thus minimizing credit risk. Presently the government has only savings, money markets, and certificates of deposits which are partly insured thru FDIC.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The government's policy does not limit investments to one user. As of June 30, 2023, the only investments held by the City were certificates of deposit, which are included in the cash and cash equivalents shown on page 33.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. In accordance with the government's investment policy, the government limits interest rate risk by purchasing a mix of short- and longer-term investments. This laddering approach also mates investment maturities to projected cash flow needs, thus minimizing interest rate risk and the need to liquidate securities at a loss.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 266,833	\$ ---	\$ ---	\$ 266,833
	<u>266,833</u>	<u>---</u>	<u>---</u>	<u>266,833</u>
Capital Assets, Being Depreciated:				
Buildings	2,078,962	---	---	2,078,962
Vehicles	2,662,859	---	---	2,662,859
Equipment	3,640,110	200,348	---	3,840,458
Infrastructure	9,111,368	137,869	---	9,249,237
Total Capital Assets Being Depreciated	<u>17,493,299</u>	<u>338,217</u>	<u>---</u>	<u>17,831,516</u>
Less Accumulated Depreciation For:				
Buildings	(1,335,327)	(47,991)	---	(1,383,318)
Vehicles	(1,958,984)	(87,542)	---	(2,046,526)
Equipment	(2,337,012)	(99,313)	---	(2,436,325)
Infrastructure	(5,106,260)	(226,619)	---	(5,332,879)
Total Accumulated Depreciation	<u>10,737,583</u>	<u>(461,465)</u>	<u>---</u>	<u>(11,199,048)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,755,716</u>	<u>(123,248)</u>	<u>---</u>	<u>6,632,468</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,022,549</u>	<u>\$ (123,248)</u>	<u>\$ ---</u>	<u>\$ 6,899,301</u>
 <u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 33,600	\$ ---	\$ ---	\$ 33,600
	<u>33,600</u>	<u>---</u>	<u>---</u>	<u>33,600</u>
Capital Assets, Being Depreciated:				
Buildings and Systems	14,813,922	127,040	---	14,940,962
Equipment	418,334	---	---	448,334
Total Capital Assets Being Depreciated	<u>15,262,256</u>	<u>127,040</u>	<u>---</u>	<u>15,389,296</u>
Less Accumulated Depreciation For:				
Buildings	(7,923,011)	(279,377)	---	(8,202,388)
Equipment	(418,677)	(944)	---	(419,621)
Total Accumulated Depreciation	<u>(8,341,688)</u>	<u>(280,321)</u>	<u>---</u>	<u>(8,622,009)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,920,568</u>	<u>(153,281)</u>	<u>---</u>	<u>6,767,287</u>
Business Type Activities Capital Assets, Net	<u>\$ 6,954,168</u>	<u>(153,281)</u>	<u>\$ ---</u>	<u>\$ 6,800,887</u>

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 4 – CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Component Unit Activity - DDA</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 32,400	\$ ---	\$ ---	\$ 32,400
Total Capital Assets Not Being Depreciated	<u>32,400</u>	<u>---</u>	<u>---</u>	<u>32,400</u>
Capital Assets Being Depreciated:				
Building Improvements	396,135	---	(35,425)	360,710
Equipment	16,733	---	---	16,733
Total Capital Assets Being Depreciated	<u>412,868</u>	<u>---</u>	<u>---</u>	<u>377,443</u>
Less Accumulated Depreciation For:				
Building Improvements	(130,564)	(13,844)	18,067	(126,341)
Equipment	(14,235)	(801)	---	(15,036)
Total Accumulated Depreciation	<u>(144,799)</u>	<u>(14,645)</u>	<u>18,067</u>	<u>(141,377)</u>
Total Capital Assets, Being Depreciated, Net	<u>268,069</u>	<u>(14,645)</u>	<u>(17,358)</u>	<u>236,066</u>
Component Unit - DDA Capital Assets, Net	<u>\$ 300,469</u>	<u>\$(14,645)</u>	<u>\$ (17,358)</u>	<u>\$ 268,466</u>

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 4 – CAPITAL ASSETS (Continued)

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

Governmental Activities:

General Government	\$ 102,434
Public Safety	158,744
Public Works	135,172
Culture and Recreation	27,632
Capital Assets Held By The Government's Internal Service Funds Are Charged To The Various Functions Based On Their Usage Of The Assets.	<u>37,483</u>

Total Depreciation Expense Governmental Activities	<u>\$ 461,465</u>
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Business-Type Activities:

Public Works	<u>\$ 280,321</u>
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Total Depreciation Expense Business-Type Activities	<u>\$ 280,321</u>
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Component Unit Activities:

Equipment	\$ 801
Building Improvements	<u>13,844</u>

Total Depreciation Expense Component Unit Activities	<u>\$ 14,645</u>
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CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 5 – TRANSFERS

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted, to or allowed for debt services from the funds collecting the receipts to the debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs, accounted for in other funds in accordance with budgetary authorizations.

<u>Transfers In</u>	<u>Transfers Out</u>					
	<u>General Fund</u>	<u>Ambulance</u>	<u>Income Tax</u>	<u>Fire</u>	<u>Utilities</u>	<u>Total</u>
General/Sidewalk	\$ ---	---	\$ 10,000	---	---	\$ 10,000
Major Street	---	---	15,000	---	---	\$ 15,000
Fire	30,000	---	62,480	---	---	\$ 92,480
Capital Improvement	---	3,613	---	7,910	\$ 86,181	\$ 97,704
Ambulance	---	---	100,000	---	---	\$ 100,000
Local Street	---	---	40,000	---	---	\$ 40,000
Cemetery	85,000	---	---	---	---	\$ 85,000
Industrial Park	---	---	7,500	---	---	\$ 7,500
Utilities	---	---	<u>248,143</u>	---	---	<u>\$ 248,143</u>
	<u>\$ 115,000</u>	<u>\$ 3,613</u>	<u>\$ 483,123</u>	<u>\$ 7,910</u>	<u>\$ 86,181</u>	<u>\$ 695,827</u>

NOTE 6 – PROPERTY TAXES:

The City bills and collects its own property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

Property taxes are assessed December 31st and are levied on June 1st. Taxes become delinquent on September 15 with a 1/2% interest charge beginning September 15th. All delinquent taxes are charged with a 6% penalty.

The City currently levies 10.64190 mills for operating and 1.0 mills for ambulance. Property taxes attach as an enforceable lien on the property as of January 1.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 7 – LONG TERM DEBT

Long-term debt consists of the following:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2023	Due Within One Year
<u>Business-Type Activities</u>					
Bonds Payable – 2001					
Drinking Water Program	\$ 71,665	\$ ---	\$ 71,665	\$ ---	\$ ---
Wastewater Treatment					
Plant - 2017 Bond	<u>4,420,000</u>	<u>---</u>	<u>220,000</u>	<u>4,200,000</u>	<u>225,000</u>
Sub-Total	<u>4,491,665</u>	<u>---</u>	<u>291,665</u>	<u>4,200,000</u>	<u>225,000</u>
<u>Governmental-Type Activities</u>					
Notes Payable –					
2017 Ambulance	153,068	---	23,522	129,546	24,284
Lucas Device	27,772	---	13,886	13,886	13,886
Fire Truck	384,763	---	49,745	335,018	51,391
Capital Improvement Bond	750,000	---	58,000	692,000	61,000
2008 Vacuum Truck	---	125,000	---	125,000	23,080
Compensated Absences	<u>61,398</u>	<u>53,221</u>	<u>61,398</u>	<u>53,221</u>	<u>53,221</u>
Sub-Total	<u>1,337,001</u>	<u>178,221</u>	<u>206,551</u>	<u>1,348,671</u>	<u>226,862</u>
Total	<u>\$5,868,666</u>	<u>\$178,221</u>	<u>\$498,216</u>	<u>\$5,548,671</u>	<u>\$451,862</u>

Ambulance – 2017 International

Title of Issue: Ambulance – Note Payable – Old National Bank
Purpose: Purchase 2 Ambulances
Date of Note: October 7, 2017
Maturity of Note: October 31, 2027
Interest Rate: 3.24%
Payments: Annually at \$28,481 including interest – starting October 31, 2018
Amount of Note: \$240,000

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
October 31, 2023	28,481	4,197	24,284
October 31, 2024	28,481	3,410	25,071
October 31, 2025	28,481	2,598	25,883
October 31, 2026	28,481	1,760	26,721
October 21, 2027	<u>28,481</u>	<u>894</u>	<u>27,587</u>
	<u>\$142,405</u>	<u>\$ 12,859</u>	<u>\$129,546</u>

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 8 – LONG TERM DEBT (CONTINUED)

City of Hudson – Lucas Device and Power Cot

Title of Issue: Ambulance – Note Payable – Stryker Flex Financial
Purpose: Purchase Lucas Device and Power Cot
Date of Issue: March 8, 2022
Maturity of Note: April 3, 2024
Interest Rate: 0%
Amount of Note: \$41,658
Payments: Annually at \$13,886 including interest – starting April 3, 2022

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
April 3, 2024	<u>13,886</u>	---	<u>13,886</u>
	<u>13,886</u>	<u>---</u>	<u>13,886</u>

City of Hudson – Capital Improvement Bond

Title of Issue: 2021 Capital Investment Bond
Purpose: Capital Investment Bond (Limited Tax General Obligation)
Date of Issue: September 16, 2021
Interest Rate: 5.500%
Interest Payable: Semi-Annual on September 1, and March 1 of each year
Amount of Issue: \$750,000

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
September 1, 2023	80,030	19,030	61,000
March 1, 2024	17,353	17,353	
September 1, 2024	82,352	17,353	65,000
March 1, 2025	15,565	15,565	
September 1, 2025	83,565	15,565	68,000
March 1, 2026	13,695	13,695	
September 1, 2026	85,695	13,695	72,000
March 1, 2027	11,715	11,715	
September 1, 2027	87,715	11,715	76,000
March 1, 2028	9,625	9,625	
September 1, 2028	89,625	9,625	80,000
March 1, 2029	7,425	7,425	
September 1, 2029	92,425	7,425	85,000
March 1, 2030	5,088	5,088	
September 1, 2030	95,087	5,087	90,000
March 1, 2031	2,613	2,613	
September 1, 2031	<u>97,612</u>	<u>2,612</u>	<u>95,000</u>
	<u>\$877,185</u>	<u>\$185,185</u>	<u>\$ 692,000</u>

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 8 – LONG TERM DEBT (CONTINUED)

City of Hudson – 2019 Spartan Pumper

Title of Issue: Fire Truck – Note Payable – Old National Bank
Purpose: Purchase New Pumper Fire Truck
Date of Issue: September 30, 2019
Maturity of Note: October 31, 2028
Interest Rate: 3.31%
Amount of Note: \$531,779
Payments: Annually at \$62,480.42 including interest – starting October 31, 2019

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
October 31, 2023	62,480	11,089	51,391
October 31, 2024	62,480	9,388	53,092
October 31, 2025	62,480	7,631	54,850
October 31, 2026	62,480	5,815	56,665
October 31, 2027	62,480	3,940	58,541
October 31, 2028	<u>62,485</u>	<u>2,002</u>	<u>60,479</u>
	<u>\$374,885</u>	<u>\$ 39,866</u>	<u>\$335,018</u>

City of Hudson – 2008 Combination Sewer Cleaner Vacuum Truck

Title of Issue: Vacuum Truck- Note Payable- County National Bank
Purpose: Purchase Vacuum Truck
Date of Issue: August 9, 2022
Maturity of Note: August 9, 2027
Interest Rate: 4.100%
Amount of Note: \$ 125,000
Payments: Annually at 28,205 including interest starting August 9, 2023

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
August 9, 2023	\$ 28,205	\$ 5,125	\$ 23,080
August 9, 2024	28,205	4,179	24,026
August 9, 2025	28,205	3,194	25,011
August 9, 2026	28,205	2,168	26,037
August 9, 2027	<u>28,204</u>	<u>1,358</u>	<u>26,846</u>
	<u>\$ 141,024</u>	<u>\$ 16,024</u>	<u>\$ 125,000</u>

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 8 – LONG TERM DEBT (CONTINUED)

City of Hudson – Waste Water Treatment Plant Bond Issue

Title of Issue: City of Hudson Waste Water Treatment Plant General
Obligation Bonds
Purpose: Waste Water Treatment Plant Construction, etc.
Date of Issue: December 15, 2017
Interest Rate: 2.00%
Interest Payable: Semi-Annual on October 1, and April 1, of each year
Amount of Issue: \$5,050,000

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
October 1, 2023	266,150	41,730	225,000
April 1, 2024	38,900	39,480	
October 1, 2024	268,900	39,480	230,000
April 1, 2025	36,600	37,180	
October 1, 2025	271,600	37,180	235,000
April 1, 2026	34,250	34,830	
October 1, 2026	274,250	34,830	240,000
April 1, 2027	31,850	32,430	
October 1, 2027	276,850	32,430	245,000
April 1, 2028	29,400	29,980	
October 1, 2028	279,400	29,980	250,000
April 1, 2029	26,900	27,480	
October 1, 2029	281,900	27,480	255,000
April 1, 2030	24,350	24,930	
October 1, 2030	284,350	24,930	260,000
April 1, 2031	21,750	22,330	
October 1, 2031	286,750	22,330	265,000
April 1, 2032	19,100	19,680	
October 1, 2032	289,100	19,680	270,000
April 1, 2033	16,400	16,980	
October 1, 2033	291,400	16,980	275,000
April 1, 2034	13,650	14,230	
October 1, 2034	293,650	14,230	280,000
April 1, 2035	10,850	11,430	
October 1, 2035	295,850	11,430	285,000
April 1, 2036	8,000	8,580	
October 1, 2036	298,000	8,580	290,000
April 1, 2037	5,680	5,680	
October 1, 2037	300,680	5,680	295,000
April 1, 2038	2,730	2,730	
October 1, 2038	<u>302,730</u>	<u>2,730</u>	<u>300,000</u>
	<u>\$4,897,630</u>	<u>\$ 697,630</u>	<u>\$4,200,000</u>

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

Maturities of Long-Term Debt

Maturities for the long-term debt are as follows:

<u>Due Dates</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	589,866	451,862	138,004
2025	523,743	397,189	126,554
2026	523,437	408,744	114,693
2027	523,836	421,423	102,413
2028	523,917	433,975	89,942
2029-2030	871,914	730,479	141,435
2031-2035	1,728,112	1,535,000	193,112
2036-2039	<u>1,215,410</u>	<u>1,170,000</u>	<u>45,410</u>
	<u>\$6,500,234</u>	<u>\$5,548,671</u>	<u>\$ 951,563</u>

NOTE 10 – CAFETERIA PLAN – MEDICAL REIMBURSEMENT PLAN – DEPENDENT CARE PLAN

The City of Hudson has approved and adopted the Cafeteria Plan, Medical Expense Reimbursement Plan and Dependent Care Assistance Plan to be effective January 1, 1998.

The City of Hudson adopted a Cafeteria Plan under Internal Revenue Service Code SS 125, a Medical Expense Reimbursement Plan under code SS 105 (b) and a Dependent Care Assistance Plan Under Code SS 129. Each full-time employee is eligible to participate in each of the plans established. The maximum reimbursement for which any participant may apply under the Medical Expense Reimbursement Plan is \$3,000. The maximum reimbursement for which any participant may apply under the Dependent Care Assistance Plan is \$5,000.

The City of Hudson does not contribute to the Cafeteria Plan.

NOTE 11 – PENSION PLAN

The government offers all full-time employees a 401(k) plan which is a tax qualified defined contribution pension plan created in accordance with subsection 401(k) of the Internal Revenue Codes. The assets of the plans were held in custodial accounts as provided in IRC Section 401(k) for the exclusive benefit of the employees and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the government's financial statement. Contributions are made by the city and employees.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 12 – OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2023, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 13 – RECEIVABLES

Receivables of the governmental activities and business-type activities of the government at June 30, 2023, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property Taxes/Assessments	\$ 10,859	\$ ---
Income Taxes	61,006	---
Ambulance Runs / Fire	83,851	---
State of Michigan	117,546	---
Equipment Rent	---	---
Refuse	11,758	---
Utilities	---	104,504
Interest	<u>---</u>	<u>---</u>
Totals	<u>\$285,020</u>	<u>\$104,504</u>

Fiduciary receivables represent monies collected by the tax collection fund not remitted to the general fund by June 30, 2022.

NOTE 14 – INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2023, the following were interfund receivables and payables in the fund statement.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General	\$ <u>40,989</u>	Payroll	\$ 682
		Ambulance	19,496
		Utilities	<u>20,811</u>
Total	<u>\$ 40,989</u>	Total	<u>\$ 40,989</u>

The monies represent loans or receivables between funds of the City, which are anticipated to be repaid within one year. These loans are made when one fund pays an invoice that is allocated to multiple other funds.

CITY OF HUDSON, MICHIGAN
Notes to Financial Statements
For The Year Ended June 30, 2023

NOTE 15 – SUBSEQUENT EVENTS

Management has reviewed the events occurring through November 27, 2023, the date the financial statements were available to be issued. There were no subsequent events known that would affect these financial statements.

NOTE 16 – INVESTMENTS

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on investments due to changes in fair value are recognized each year.

Presently the City has investments in the Hudson Foundation a non-profit entity. As of the end of the fiscal year, all funds were held in certificates of deposit which are considered to be cash and cash equivalents (see Note 3).

NOTE 17 – SEGMENT INFORMATION – ENTERPRISE FUNDS

The government issued revenue bonds to finance certain improvements to its sewer distribution and treatment systems. Because the Water and Sewer Funds, which are individual funds that account entirely for the government's water distribution and treatment and sewage disposal and treatment activities, are reported as major funds in the fund financial statements, segment disclosures herein are not required.

NOTE 18 – TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under Public Act 198 of 1974. Under the Act, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of expanding or rehabilitating industrial facilities within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

For the fiscal year ended June 30, 2023, the City did not have any outstanding tax abatements.

CITY OF HUDSON, MICHIGAN
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ 387,430	\$ 387,430	\$ 387,430	\$ ---
Resources (Inflows)				
Taxes and Assessments	690,000	690,000	676,043	(13,957)
Intergovernmental	310,600	326,881	333,343	6,462
Grants	116,156	500	1,060	560
Licenses and Permits	16,050	20,800	32,5650	11,760
Fines and Forfeitures	7,500	5,000	4,951	(49)
Charges for Services	1,063,527	854,624	870,787	16,163
Interest and Rentals	3,560	3,560	10,353	6,793
Other	9,000	119,034	24,175	(94,859)
Transfers from Other Funds	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>---</u>
Amounts Available for Appropriation	<u>2,613,823</u>	<u>2,417,829</u>	<u>2,350,702</u>	<u>(67,127)</u>
<u>Charges to Appropriations (Outflows)</u>				
General Government				
City Council	21,026	21,026	9,867	11,159
City Manager	122,056	116,868	108,905	7,963
Office Operations	175,451	179,191	167,911	11,280
Treasurer	105,576	113,038	128,230	(15,192)
Assessing	21,450	21,589	23,667	(2,078)
Clerk	101,731	101,437	92,131	9,306
Elections	7,750	6,286	5,044	1,242
City Attorney/Auditing	23,446	22,196	13,977	8,219
Buildings and Grounds	<u>33,500</u>	<u>35,800</u>	<u>18,671</u>	<u>17,129</u>
	<u>611,986</u>	<u>617,431</u>	<u>568,403</u>	<u>49,028</u>
Public Safety				
Police	436,581	473,726	434,785	38,941
Inspections	<u>10,350</u>	<u>14,350</u>	<u>17,480</u>	<u>3,130</u>
	<u>446,931</u>	<u>488,076</u>	<u>452,265</u>	<u>35,811</u>
Community Economic Development				
Zoning	<u>6,885</u>	<u>3,885</u>	<u>2,205</u>	<u>1,680</u>
Public Works				
Mosquito Spraying	4,000	7,500	3,523	3,977
Sanitary Landfill	5,000	5,000	5,000	---
Street Maintenance & Lighting	621,772	686,493	616,641	69,852
Spring/Fall Cleanup	2,500	2,500	673	1,827
Refuse Collection	<u>117,448</u>	<u>123,000</u>	<u>123,234</u>	<u>(234)</u>
	<u>750,720</u>	<u>824,493</u>	<u>749,071</u>	<u>75,422</u>

CITY OF HUDSON, MICHIGAN
Budgetary Comparison Schedule (Concluded)
General Fund
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Charges to Appropriations (Outflows)</u> <u>(Continued)</u>				
Other Functions	\$ 170,800	\$ 135,065	\$ 133,922	\$ 1,143
Capital Outlay	---	55,000	---	55,000
Transfers to Other Funds	165,000	115,000	115,000	---
Debt Service				
Principle Payments	---	---	---	---
Interest Payments	---	---	---	---
 Total Charges to Appropriations	 2,152,322	 2,238,950	 2,020,866	 218,084
 Ending of Year Fund Balance	 \$ 461,501	 \$ 178,879	 \$ 329,836	 \$ 150,957

CITY OF HUDSON, MICHIGAN
Budgetary Comparison Schedule
Ambulance Fund (Major Special Revenue Funds)
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ 149,432	\$ 149,432	\$ 149,432	\$ ---
<u>Resources (Inflows)</u>				
Taxes	54,821	54,821	85,358	30,537
Charges For Services	561,875	561,875	609,625	47,750
Interest Income	11	11	1,751	1,740
Transfer In From Funds	100,000	100,000	100,000	---
Other	---	---	---	---
Loan Proceeds	---	---	---	---
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
 Amounts Available for Appropriation	<u>866,139</u>	<u>866,139</u>	<u>946,166</u>	<u>80,027</u>
<u>Charges to Appropriations (Outflows)</u>				
 Public Safety				
Ambulance	637,631	711,123	670,475	40,648
Capital Outlay	20,000	20,000	25,348	(5,348)
Transfer Out	---	3,613	3,613	---
Debt Service:				
Principle Payments	28,935	28,935	37,408	(8,473)
Interest Payments	---	---	4,959	(4,959)
	<u>---</u>	<u>---</u>	<u>4,959</u>	<u>(4,959)</u>
 Total Charges to Appropriations	<u>686,566</u>	<u>763,671</u>	<u>741,803</u>	<u>21,868</u>
 Ending of Year Fund Balance	<u>\$ 179,573</u>	<u>\$ 102,468</u>	<u>\$ 204,363</u>	<u>\$ 101,895</u>

CITY OF HUDSON, MICHIGAN
Budgetary Comparison Schedule
Income Tax Fund (Major Special Revenue Fund)
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ 99,371	\$ 99,371	\$ 99,371	\$ ---
<u>Resources (Inflows)</u>				
Taxes	566,801	566,801	677,856	111,055
Interest and Rentals	100	100	2,171	2,071
Other	<u>---</u>	<u>---</u>	<u>1,672</u>	<u>1,672</u>
Amounts Available for Appropriation	<u>666,272</u>	<u>666,272</u>	<u>781,070</u>	<u>114,798</u>
<u>Charges to Appropriations (Outflows)</u>				
General Government	133,662	148,049	162,352	(14,303)
Transfers to Other Funds	423,123	483,123	483,123	---
Capital Outlay	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total Charges to Appropriations	<u>556,785</u>	<u>631,172</u>	<u>645,475</u>	<u>(14,303)</u>
Ending of Year Fund Balance	<u>\$ 35,100</u>	<u>\$ 35,100</u>	<u>\$ 135,595</u>	<u>\$ 100,495</u>

CITY OF HUDSON, MICHIGAN
Budgetary Comparison Schedule
Fire Fund (Major Special Revenue Fund)
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ 99,511	\$ 99,511	\$ 99,511	\$ ---
<u>Resources (Inflows)</u>				
Contribution from Local Units	78,316	78,316	79,619	1,303
Donations	200	200	15,300	15,100
Transfer in from Funds	92,480	92,480	92,480	---
Other Revenue	50	50	15	(35)
Interest and Rentals	<u>10</u>	<u>10</u>	<u>1,159</u>	<u>1,149</u>
Amounts Available for Appropriation	<u>270,567</u>	<u>270,567</u>	<u>288,084</u>	<u>17,517</u>
<u>Charges to Appropriations (Outflows)</u>				
Public Safety	95,375	100,380	96,937	3,443
Capital Outlay	---	20,000	---	20,000
Debt Retirement	62,481	62,481	62,481	---
Transfer Out	<u>5,568</u>	<u>7,910</u>	<u>7,910</u>	<u>---</u>
Total Charges to Appropriations	<u>163,424</u>	<u>190,771</u>	<u>167,328</u>	<u>23,443</u>
Ending of Year Fund Balance	<u>\$ 107,143</u>	<u>\$ 79,796</u>	<u>\$ 120,765</u>	<u>\$ 40,960</u>

CITY OF HUDSON, MICHIGAN
Budgetary Comparison Schedule
Major Street Fund (Major Special Revenue Fund)
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$174,974	\$174,974	\$174,974	\$ ---
Resources (Inflows)				
Intergovernmental	261,054	268,897	285,392	16,495
Interest and Rentals	300	300	2,730	2,430
Transfers from Other Funds	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>---</u>
Amounts Available for Appropriation	<u>451,328</u>	<u>459,171</u>	<u>478,096</u>	<u>18,925</u>
<u>Charges to Appropriations (Outflows)</u>				
Public Works	210,162	245,879	230,913	14,966
Transfers to Other Funds	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total Charges to Appropriations	<u>210,162</u>	<u>245,879</u>	<u>230,913</u>	<u>14,966</u>
Ending of Year Fund Balance	<u>\$241,166</u>	<u>\$213,292</u>	<u>\$247,183</u>	<u>\$ 33,891</u>

CITY OF HUDSON, MICHIGAN
Budgetary Comparison Schedule
Local Street Fund (Major Special Revenue Fund)
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$112,892	\$112,892	\$112,892	\$ ---
Resources (Inflows)				
Intergovernmental	103,682	101,600	109,389	7,789
Transfers from Other Funds	40,000	40,000	40,000	---
Interest Income	<u>20</u>	<u>20</u>	<u>1,441</u>	<u>1,421</u>
Amounts Available for Appropriation	<u>256,594</u>	<u>254,512</u>	<u>263,722</u>	<u>9,210</u>
<u>Charges to Appropriations (Outflows)</u>				
Public Works	<u>135,928</u>	<u>146,751</u>	<u>136,572</u>	<u>10,179</u>
Total Charges to Appropriations	<u>135,928</u>	<u>146,751</u>	<u>136,572</u>	<u>10,179</u>
Ending of Year Fund Balance	<u>\$120,666</u>	<u>\$107,761</u>	<u>\$127,150</u>	<u>\$19,389</u>

CITY OF HUDSON, MICHIGAN
Combining Balance Sheet
Non-Major Governmental Funds
For The Year Ended June 30, 2023

	<u>Special Revenue Funds</u>		<u>Capital Improvement Fund</u>
	<u>Recreation</u>	<u>Cemetery</u>	
<u>Assets</u>			
Cash and Equivalents	\$ 2,904	\$28,867	\$111,801
Investments	---	---	---
Receivables	<u>---</u>	<u>---</u>	<u>---</u>
Total Assets	<u>\$ 2,904</u>	<u>\$28,867</u>	<u>\$111,801</u>
 <u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts Payable	\$ ---	\$ ---	\$ ---
Deposits Payable	---	---	---
Accrued Liabilities	<u>---</u>	<u>---</u>	<u>13,750</u>
Total Liabilities	<u>---</u>	<u>---</u>	<u>13,750</u>
 <u>Fund Balance</u>			
Restricted For:			
Summer Recreation	2,904	---	---
Cemetery	---	28,867	---
Community Center	---	---	---
Museum	---	---	---
Capital Improvement	---	---	98,051
Committed For:			
Debt Service	<u>---</u>	<u>---</u>	<u>---</u>
Total Fund Balances	<u>2,904</u>	<u>28,867</u>	<u>98,051</u>
Total Liabilities and Fund Balances	<u>\$ 2,904</u>	<u>\$28,867</u>	<u>\$111,801</u>

The notes to financial statements are an integral part of this statement.

<u>Special Revenue Funds</u>			Total Non-Major Governmental Funds
Community Center	Museum	Industrial Park	
\$23,600	\$13,694	\$18,810	\$199,676
---	21,826	---	21,826
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<u>23,600</u>	<u>\$35,520</u>	<u>\$18,810</u>	<u>\$221,502</u>
\$ ---	\$ ---	\$ ---	\$ ---
2,195	---	---	2,195
<u>---</u>	<u>---</u>	<u>400</u>	<u>14,150</u>
<u>2,195</u>	<u>---</u>	<u>400</u>	<u>16,345</u>
---	---	---	2,904
---	---	---	28,867
21,405	---	---	21,405
---	35,520	---	35,520
---	---	---	98,051
<u>---</u>	<u>---</u>	<u>18,410</u>	<u>18,410</u>
<u>21,405</u>	<u>35,520</u>	<u>18,410</u>	<u>205,157</u>
<u>\$ 23,600</u>	<u>\$35,520</u>	<u>\$18,810</u>	<u>\$221,502</u>

CITY OF HUDSON, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Non-Major Governmental Funds
For The Year Ended June 30, 2023

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Cemetery</u>	<u>Capital Improvement Fund</u>
<u>Revenues:</u>			
Charges for Services	\$ ---	\$ 17,012	\$ ---
Interest and Rents	56	480	1,889
Other Revenue	---	---	---
Contributions	<u>---</u>	<u>---</u>	<u>---</u>
Total Revenue	<u>56</u>	<u>17,492</u>	<u>1,889</u>
<u>Expenditures:</u>			
General Government	---	81,933	11,844
Recreational and Cultural	2,524	---	---
Capital Outlay	<u>---</u>	<u>---</u>	<u>---</u>
Total Expenditures	<u>2,524</u>	<u>81,933</u>	<u>11,844</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(2,468)</u>	<u>(64,441)</u>	<u>(9,955)</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In (Out)	---	85,000	97,704
Bond Payments	---	---	(58,000)
Bond Interest	<u>---</u>	<u>---</u>	<u>(39,655)</u>
Total Other Financing Sources (Uses)	<u>---</u>	<u>85,000</u>	<u>49</u>
Excess of Revenues and Other Sources Over (Under) (Expenditures and Other Uses)	(2,468)	20,559	9,906
Beginning Fund Balance	<u>5,372</u>	<u>8,308</u>	<u>107,957</u>
Ending Fund Balance (Deficit)	<u>\$ 2,904</u>	<u>\$ 28,867</u>	<u>\$ 98,051</u>

The notes to financial statements are an integral part of this statement.

<u>Special Revenue Funds</u>				<u>Permanent Fund</u>	<u>Total Non-Major Governmental Funds</u>
<u>Community Center</u>	<u>Museum</u>	<u>Industrial Park</u>	<u>Cemetery Perpetual Care</u>		
\$ ---	\$ ---	\$ ---	\$ ---		\$ 17,012
19,055	6,909	204	---		28,593
27,018	3,476	---	---		30,494
<u>---</u>	<u>521</u>	<u>---</u>	<u>---</u>		<u>521</u>
<u>46,073</u>	<u>10,906</u>	<u>204</u>	<u>---</u>		<u>76,620</u>
---	---	2,174	2,291		98,242
29,445	73,614	---	---		102,583
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>		<u>---</u>
<u>29,445</u>	<u>73,614</u>	<u>2,174</u>	<u>2,291</u>		<u>203,825</u>
<u>16,628</u>	<u>(62,708)</u>	<u>(1970)</u>	<u>2,291</u>		<u>(127,205)</u>
---	---	7,500	---		190,204
---	---	---	---		(58,000)
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>		<u>(39,655)</u>
<u>---</u>	<u>---</u>	<u>7,500</u>	<u>---</u>		<u>92,549</u>
16,628	(62,708)	5,530	(2,291)		(34,656)
<u>4,777</u>	<u>98,228</u>	<u>12,880</u>	<u>2,291</u>		<u>239,813</u>
<u>\$ 21,405</u>	<u>\$ 35,520</u>	<u>\$18,410</u>	<u>\$ ---</u>		<u>\$205,157</u>

CITY OF HUDSON, MICHIGAN
Balance Sheet
Component Units
For The Year Ended June 30, 2023

	<u>Downtown Development Authority</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 43,671	\$ ---	\$ 43,671
Capital Assets, Net	<u>---</u>	<u>268,466</u>	<u>268,466</u>
Total Assets	<u>\$ 43,671</u>	<u>\$268,466</u>	<u>\$312,137</u>
<u>Liabilities</u>			
Accounts Payable	\$ ---	\$ ---	\$ ---
Deferred Revenue	<u>---</u>	<u>---</u>	<u>---</u>
Total Liabilities	<u>---</u>	<u>---</u>	<u>---</u>
<u>Fund Balance/Net Position</u>			
Unassigned	<u>43,671</u>	<u>(43,671)</u>	<u>---</u>
Total Fund Balance	<u>43,671</u>	<u>(43,671)</u>	<u>---</u>
Total Liabilities and Fund Balance	<u>\$ 43,671</u>		
<u>Net Position</u>			
Invested in Capital Assets		268,466	268,466
Unrestricted		<u>43,671</u>	<u>43,671</u>
Total Net Position		<u>\$312,137</u>	<u>\$312,137</u>

CITY OF HUDSON, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Component Units
For The Year Ended June 30, 2023

	<u>Downtown Development Authority</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>Revenues</u>			
Miscellaneous Income	\$ ---	\$ ---	\$ ---
Rental Income	800	---	800
Gain(Loss)on Sale of Fixed Asset	<u>34,625</u>	<u>(17,358)</u>	<u>17,267</u>
Total Revenues	<u>35,425</u>	<u>(17,358)</u>	<u>18,067</u>
 <u>Expenditures</u>			
Depreciation	---	14,645	14,645
Operating Expenses	<u>2,021</u>	<u>---</u>	<u>2,021</u>
Total Expenditures	<u>2,021</u>	<u>14,645</u>	<u>16,666</u>
 Excess of Revenue Over (Under) Expenditures	 <u>33,404</u>	 <u>(32,003)</u>	 <u>1,401</u>
 Fund Balance/Net Position Beginning of Year	 <u>10,267</u>	 <u>300,469</u>	 <u>310,736</u>
 Fund Balance/Net Position End of Year	 <u>\$ 43,671</u>	 <u>\$ 268,466</u>	 <u>\$312,137</u>