CITY OF HUDSON, NEW YORK

Financial Statements and
Required Reports under
Uniform Guidance
as of
December 31, 2022
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

January 30, 2024

The Honorable Mayor and City Council of the
City of Hudson, New York:

Adverse, Qualified and Unmodified Opinions
We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hudson, New York (City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

We did not audit the Hudson Community Development and Planning Agency (HCDPA), which represents 4.03%, (7.30%), and 4.14%, respectively, of the assets, net position, and revenues of the governmental activities and 100% of the major fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the HCDPA is based solely on the report of the other auditors.

We did not audit the Hudson Industrial Development Agency (IDA), which represents 100% of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the IDA is based solely on the report of the other auditors.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Adverse
General Fund	Unmodified
Capital Projects Fund	Unmodified
Water Fund	Unmodified
Hudson Community Development and Planning Agency	Qualified
Aggregate Remaining Fund Information	Unmodified
Aggregate Discretely Presented Component Units	Unmodified

Adverse Opinion on Governmental Activities
In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion on Governmental Activities paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the City, as of December 31, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on Hudson Community Development & Planning Agency
In our opinion, based on the report of other auditors, except for the possible effects of the matter discussed in the Basis for Qualified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Hudson Community Development and Planning Agency, as of December 31, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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Substantial Doubt about the Hudson Community Development & Planning Agency's Ability to Continue as a Going Concern

The Hudson Community Development and Planning Agency (Agency) financial statements have been prepared assuming that the Agency will continue as a going concern. Based on the report of other auditors, as discussed in Note 2, the Agency has suffered losses from operations in recent years and has limited unrestricted liquid assets to pay operating expenses which raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in the Note 2 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The opinion of the Agency's auditors is not modified with respect to this matter.

Unmodified Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, capital projects fund, water fund, aggregate remaining fund information, and the discretely presented component unit of the City of Hudson, New York as of December 31, 2022, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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, 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 unmodified, adverse, and qualified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 1 to the financial statements, management has not fully recorded other post-employment benefits (OPEB), capital assets, properties held as investments and general infrastructure assets in governmental activities and, accordingly, has not recorded postemployment benefits or depreciation expense. Accounting principles generally accepted in the United States of America require that capital assets and general infrastructure assets be capitalized and depreciated over their estimated useful lives and OPEB obligations be accrued, and related expenses recognized, which would increase assets and liabilities, change net position, and increase expenses of the governmental activities. The amount by which this departure would affect the assets, liabilities, net position, and expenses of the governmental activities has not been determined.

Matter Giving Rise to Qualified Opinion on the Hudson Community Development and Planning Agency

Management does not have adequate records to support its deferred inflow of resources balances. As a result of this matter, the amount of deferred inflow resources could not be determined and, whether any adjustments might have been found necessary with respect to the deferred inflow of resources, and the elements making up the statements of net position and governmental fund balance sheet, and the statement of activities and governmental fund revenues, expenditures and changes in fund balances.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 16 to the financial statements, during the year ended December 31, 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87 – *Leases.* Our opinions are not modified with respect to this matter.

(Continued)

Emphasis of Matter –Correction of Error
As discussed in Note 16 to the financial statements, the Hudson Community Development and Planning Agency's unrestricted net position and unrestricted fund balance has been restated as of January 1, 2022 to restate a loan receivable balance outstanding. The opinion of the Agency's auditors is not modified with respect to this matter.

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'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 and *Government 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 and *Government 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'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's ability to continue as a going concern for a reasonable period of time.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)
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, budgetary comparison information, and schedules of proportionate share of net pension liability (asset) and contributions-pension plans 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund and discretely presented component units financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the combining and individual nonmajor fund and discretely presented component units financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bonadio & Co., LLP

INTRODUCTION

The following Management Discussion and Analysis (MD&A) of the City of Hudson, New York's (City) financial statement provides an overview of the financial activities for the year ended December 31, 2022. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2022 are as follows:

- As reported in the government-wide financial statements, the net position of the City at December 31, 2022 was a deficit of $7,415,841 as compared to the deficit of $8,356,268 at December 31, 2021, an increase of $940,427.

- The City's total governmental fund balance at the end of the year was $3,734,081, which represents a decrease from the prior year of $763,464. The decrease was primarily the result of capital projects expenditures.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $4,432,155 or 37.6% of total General Fund expenditures. It should also be noted that restricted fund balance of $804,821 is restricted to use by the resolution of the Common Council not by law and as such could be made available for use as well.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City's basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

Government-Wide Financial Statements

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

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

The *statement of activities* presents information reflecting how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as underlying events giving rise to changes occur, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal periods.

FINANCIAL HIGHLIGHTS (Continued)

Both the statement of net position and statement of activities distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities).* The governmental activities of the City include general governmental support, public safety, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental 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 expendable resources,* as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance. The General, Capital Projects, and Water funds are considered to be major funds, all other funds are considered non-major.

The City adopts an annual appropriated budget for its General, Water, Sewer, and Cemetery funds. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with these budgets.

The financial statements for the governmental funds can be found in the basic financial statements section of this report.

Fiduciary Funds - The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The City maintains only one type of fiduciary fund - Agency Fund. Resources are held in this fund by the City purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government.

FINANCIAL HIGHLIGHTS (Continued)

Fund Financial Statements – (Continued)

The financial statements for the Fiduciary Fund can be found in the basic financial statements section of this report.

Notes to 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 notes to the financial statements are located following the basic financial statements section of this report.

Table A-1 – Condensed Statement of Net Position (in Thousands of Dollars)

	2022	2021	% Change
Current Assets	$ 17,039	$ 13,033	30.7%
Noncurrent Assets, Net	3,318	454	630.7%
Total Assets	20,357	13,487	50.9%
Deferred Outflows of Resources	4,293	5,397	-20.5%
Current Liabilities	12,770	8,434	51.4%
Non-current Liabilities	11,445	12,951	-11.6%
Total Liabilities	24,215	21,385	13.2%
Deferred Inflows of Resources	7,850	5,878	33.6%
Net Position			
Net investment in capital assets	(16,113)	(13,344)	-20.8%
Restricted	2,214	1,541	43.7%
Unrestricted	6,483	3,423	89.4%
Total Net Position	$ (7,416)	$ (8,380)	11.5%

Current assets increased due to an increase in cash and accounts receivable. Non-current assets increased approximately $2.9 million due to recording pension asset in accordance with GASB 68 and lease receivable in accordance with GASB 87.

The decrease in deferred outflows of resources and increase in deferred inflows of resources are due to changes resulting from the recording of pension activity in accordance with GASB 68.

Current liabilities increased due to the issuance of bond anticipation notes in the amount of $8,401,025 as well as an increase in unearned revenue related to funds received but not spent under the American Rescue Plan in the amount of $430,689.

Long-term liabilities decreased largely due to significant decreases in the actuarial determined liabilities for the City's share of the net pension liability for NYS PFRS. The decrease approximated $717 thousand.

FINANCIAL HIGHLIGHTS (Continued)

Table A-2 – Comparative Statement of Activities

	2022	2021	% Change
Program Revenue:			
Charges for services	$ 3,999	$ 3,993	0.1%
Operating grants and contributions	2,148	974	120.5%
Capital grants	1,821	-	100.0%
General Revenue:			
Real property taxes	5,592	5,703	-1.9%
Other tax and non tax items	3,144	2,888	8.9%
General State Aid	1,811	1,849	-2.0%
Use of money and property	274	330	-17.1%
Sale of property and compensation for loss	130	47	177.6%
Miscellaneous	182	1,133	-84.0%
Total Revenues	19,101	16,916	12.9%
Expenses:			
General government support	1,973	1,852	6.5%
Public safety	5,723	5,252	9.0%
Health	212	14	1417.6%
Transportation	1,644	3,646	-54.9%
Economic opportunity and development	208	491	-57.7%
Culture and recreation	2,260	1,251	80.7%
Home and community services	5,851	4,861	20.4%
Debt service interest	290	148	95.8%
Total Expenses	18,161	17,515	3.7%
Change in Net Position	$ 940	$ (599)	-257.0%

FINANCIAL HIGHLIGHTS (Continued)

Table A-3 presents the cost of each of the City's governmental programs and each program's net cost of services (total cost less revenue generated by activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

	In Thousands			
	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
General Government Support	$ 1,973.2	$ 1,567.0	$ 1,851.7	$ 1,689.0
Public safety	5,722.9	4,969.9	5,251.6	4,577.7
Health	212.5	(204.8)	13.9	13.9
Transportation	1,643.9	1,071.4	3,646.0	2,675.2
Economic Opportunity & Assistance	207.6	(547.7)	491.3	167.2
Culture and Recreation	2,260.1	570.3	1,250.6	1,100.8
Home and Community Services	5,850.9	2,477.2	4,861.3	2,175.2
Interest	289.8	289.8	147.9	147.9
	$ 18,160.9	$ 10,193.2	$ 17,514.4	$ 12,546.9

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds:

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government'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 a combined ending fund balance of $3,734,081 as compared to the 2021 fund balance of $4,497,545, a decrease of $763,464. The decrease was due capital projects expenditures financed by BANs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt outstanding of $10,224,477. This represents a decrease of $716,499 as the City paid down its outstanding bonds. The City also had total installment purchase debt of $770,000, a decrease of $130,000 as a result of paying down the debt.

Table A-4: Outstanding Long-Term Debt (in Thousands of Dollars)

	December 31, 2022	December 31, 2021
General obligation bonds (including unamortized premium)	$ 10,224	$ 10,941
Installment purchase debt	770	900
Compensated absences	995	916
Net pension liability - ERS	-	9
Net pension liability - PFRS	315	1,032
Total	$ 12,305	$ 13,797

FACTORS BEARING ON THE FUTURE OF THE CITY

The City continues to look to reduce costs while maintaining basic services for its residents. With the return of state aid, strong sales tax revenue and the passage of the ARPA federal stimulus package, the City has not significantly reduced employment levels or made significant cuts to services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Heather S. Campbell, Treasurer
City of Hudson
520 Warren Street
Hudson, New York, 12534

CITY OF HUDSON, NEW YORK

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Component Unit
ASSETS:		
CURRENT ASSETS:		
Cash	$ 9,853,326	$ 295,063
Restricted cash	1,458,785	20,507
LOSAP assets	177,923	-
Taxes receivable, net of allowance for doubtful accounts	1,887,206	-
Accounts receivable	805,853	-
Lease receivable, current	113,195	-
Loans receivable	131,667	-
Other receivables	-	5,694
Due from other governments	1,050	-
State and federal aid receivable	2,158,392	-
Prepaid and other assets	451,813	-
Total current assets	17,039,210	321,264
NONCURRENT ASSETS:		
Net pension asset - ERS	807,086	-
Lease receivable, net of current portion	2,056,927	-
Capital assets, net	453,552	40,000
Total noncurrent assets	3,317,565	40,000
Total assets	20,356,775	361,264
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources - ERS	1,768,346	-
Deferred outflows of resources - PFRS	2,524,535	-
Total deferred outflows of resources	4,292,881	-
Total assets and deferred outflows of resources	24,649,656	361,264
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	$ 930,664	$ 18,102
Other liabilities	106,365	15,911
Accrued expenses	177,984	-
Accrued interest	182,526	-
Due to employee retirement system	667,450	-
Due to other governments	1,013,736	-
Unearned revenue - American Rescue Plan	430,689	-
Bond anticipation notes payable	8,401,025	-
Bonds payable, current portion	729,526	-
Installment purchase debt, current portion	130,000	-
Total current liabilities	12,769,965	34,013
LONG-TERM LIABILITIES:		
Bonds payable, net of current portion	9,494,951	-
Installment purchase debt, net of current portion	640,000	-
Compensated absences	995,345	-
Net pension liability - PFRS	314,738	-
Total long-term liabilities	11,445,034	-
Total liabilities	24,214,999	34,013
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources - leases	2,170,122	-
Deferred inflows of resources - ERS	2,847,562	-
Deferred inflows of resources - PFRS	2,832,814	-
Total deferred inflows of resources	7,850,498	-
Total liabilities and deferred inflows or resources	32,065,497	34,013
NET POSITION:		
Net investment in capital assets	(16,112,982)	40,000
Restricted	2,214,062	-
Unrestricted	6,483,079	287,251
TOTAL NET POSITION	$ (7,415,841)	$ 327,251

CITY OF HUDSON, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Revenue			Net (Expense) Revenue and Changes in Net Position	
PRIMARY GOVERNMENT:	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Component Units
Governmental activities:						
General governmental support	$ 1,973,199	$ 166,569	$ 189,603	$ 50,000	$ (1,567,027)	$ -
Public safety	5,722,892	624,987	127,993	-	(4,969,912)	-
Health	212,464	-	-	417,227	204,763	-
Transportation	1,643,878	502,925	69,517	-	(1,071,436)	-
Economic assistance and opportunity	207,597	-	755,331	-	547,734	-
Culture and recreation	2,260,140	122,167	1,005,710	561,977	(570,286)	-
Home and community services	5,850,918	2,582,046	-	791,696	(2,477,176)	-
Interest	289,836	-	-	-	(289,836)	-
Total governmental activities	$ 18,160,924	$ 3,998,694	$ 2,148,154	$ 1,820,900	(10,193,176)	-
COMPONENT UNIT:						
Hudson Industrial Development Agency	$ 45,608	$ -	$ -	$ -	-	(45,608)
GENERAL REVENUE:						
Real property taxes and tax items					5,592,293	-
Nonproperty tax items					3,144,272	-
General state aid					1,811,243	-
Sale of property and compensation for loss					130,494	-
Use of money and property					273,715	11,930
Miscellaneous					181,586	1,000
Total general revenue					11,133,603	12,930
Change in net position					940,427	(32,678)
Total net position - beginning of year, as previously reported					(8,379,455)	359,929
Restatement (Note 16)					23,187	-
Total net position - beginning of year, as restated					(8,356,268)	359,929
Total net position - end of year					$ (7,415,841)	$ 327,251

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Capital Projects Fund	Water Fund	Hudson Community Development and Planning Agency	Non-Major Funds	Total
ASSETS						
Cash	$ 2,658,517	$ 6,259,309	$ 83,570	$ 638,095	$ 213,835	$ 9,853,326
Restricted cash	666,707	-	-	-	792,078	1,458,785
LOSAP assets (restricted)	177,923	-	-	-	-	177,923
Due from other governments	1,050	-	-	-	-	1,050
State and federal aid receivable	842,871	1,315,521	-	-	-	2,158,392
Taxes receivable, net	1,887,206	-	-	-	-	1,887,206
Accounts receivable	186,942	-	322,062	-	296,849	805,853
Lease receivable	-	-	2,170,122	-	-	2,170,122
Loans receivable	-	-	-	131,667	-	131,667
Due from other funds	3,134,461	772,973	85,345	-	115,384	4,108,163
Prepaid and other assets	44,253	396,704	3	-	10,853	451,813
TOTAL ASSETS	$ 9,599,930	$ 8,744,507	$ 2,661,102	$ 769,762	$ 1,428,999	$ 23,204,300
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES:						
Accounts payable	$ 490,897	$ 228,923	$ 74,348	$ 22,915	$ 113,581	$ 930,664
Accrued liabilities	147,924	-	13,449	-	16,611	177,984
Due to employee retirement system	616,174	-	23,005	-	28,271	667,450
Other liabilities	106,365	-	-	-	-	106,365
Due to other governments	1,013,736	-	-	-	-	1,013,736
Due to other funds	417,372	3,430,341	84,495	-	175,955	4,108,163
Unearned revenue - American Rescue Plan	430,689	-	-	-	-	430,689
Bond anticipation notes payable	-	8,401,025	-	-	-	8,401,025
Total liabilities	3,223,157	12,060,289	195,297	22,915	334,418	15,836,076
DEFERRED INFLOWS OF RESOURCES						
Property taxes	444,532	-	-	-	-	444,532
Deferred leases	-	-	2,170,122	-	-	2,170,122
Deferred revenue	-	906,957	-	112,532	-	1,019,489
Total deferred inflows of resources	444,532	906,957	2,170,122	112,532	-	3,634,143
FUND BALANCE:						
Nonspendable	44,253	396,704	3	108,683	10,853	560,496
Restricted	804,821	-	-	608,933	800,308	2,214,062
Assigned						
Designated for subsequent year's expenditures	130,399	-	-	-	-	130,399
Other	520,613	-	295,680	-	289,119	1,105,412
Unassigned	4,432,155	(4,619,443)	-	(83,301)	(5,699)	(276,288)
Total Fund Balance	5,932,241	(4,222,739)	295,683	634,315	1,094,581	3,734,081
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 9,599,930	$ 8,744,507	$ 2,661,102	$ 769,762	$ 1,428,999	$ 23,204,300

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

Fund balance, governmental funds	$ 3,734,081
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	453,552
Pension related government-wide activity:	
Deferred outflows of resources - ERS	1,768,346
Deferred outflows of resources - PFRS	2,524,535
Net pension asset - ERS	807,086
Net pension liability - PFRS	(314,738)
Deferred inflows of resources - ERS	(2,847,562)
Deferred inflows of resources - PFRS	(2,832,814)
Long-term liabilities are not due and payable in the current period and are, therefore not reported in the funds:	
Bonds payable	(10,224,477)
Installment purchase debt	(770,000)
Compensated absences	(995,345)
Accrued interest at December 31, 2022 is recorded in the government-wide statements under full accrual accounting	(182,526)
Deferral of property taxes levied in the current year and other deferred revenue is recognized as revenue under the accrual basis of accounting	1,464,021
Net position of governmental activities	$ (7,415,841)

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Capital Projects Fund	Water Fund	Hudson Community Development and Planning Agency	Non-Major Funds	Total
REVENUES:						
Real property taxes and tax items	$ 6,038,972	$ -	$ -	$ -	$ -	$ 6,038,972
Nonproperty tax items	3,144,272	-	-	-	-	3,144,272
Departmental income	857,426	-	1,117,441	-	1,345,804	3,320,671
Use of money and property	56,896	3,415	200,391	199	12,814	273,715
Licenses and permits	290,469	-	-	-	-	290,469
Fines and forfeitures	387,554	-	-	-	-	387,554
Sale of property and compensation for loss	130,494	-	-	-	-	130,494
Miscellaneous	106,219	-	-	45,025	8,510	159,754
State aid	2,014,406	1,029,204	-	693,614	-	3,737,224
Federal aid	299,420	791,696	-	-	-	1,091,116
Total revenues	13,326,128	1,824,315	1,317,832	738,838	1,367,128	18,574,241
EXPENDITURES:						
General governmental support	1,444,004	-	93,874	-	62,613	1,600,491
Public safety	4,182,574	75,519	-	-	-	4,258,093
Public health	8,900	200,212	-	-	-	209,112
Transportation	1,231,813	138,024	-	-	-	1,369,837
Economic assistance and opportunity	57,696	-	-	149,901	-	207,597
Culture and recreation	1,029,517	986,145	-	-	-	2,015,662
Home and community services	376,822	2,872,370	863,324	-	1,292,824	5,405,340
Employee benefits	2,910,236	-	187,326	-	254,916	3,352,478
Debt Service						
Principal	399,355	-	281,444	-	165,700	846,499
Interest	137,253	-	880	-	1,295	139,428
Total expenditures	11,778,170	4,272,270	1,426,848	149,901	1,777,348	19,404,537
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,547,958	(2,447,955)	(109,016)	588,937	(410,220)	(830,296)
OTHER FINANCING SOURCES (USES):						
BAN premium	43,224	-	2,387	-	21,221	66,832
Operating transfers - in	-	279,425	-	-	345,790	625,215
Operating transfers - out	(624,425)	-	-	-	(790)	(625,215)
Total other financing sources (uses)	(581,201)	279,425	2,387	-	366,221	66,832
CHANGE IN FUND BALANCE	966,757	(2,168,530)	(106,629)	588,937	(43,999)	(763,464)
FUND BALANCE - beginning of year, as previously reported	4,965,484	(2,054,209)	402,312	22,191	1,138,580	4,474,358
RESTATEMENT (Note 16)	-	-	-	23,187	-	23,187
FUND BALANCE - beginning of year, as restated	4,965,484	(2,054,209)	402,312	45,378	1,138,580	4,497,545
FUND BALANCE - end of year	$ 5,932,241	$ (4,222,739)	$ 295,683	$ 634,315	$ 1,094,581	$ 3,734,081

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

Net changes in fund balance - Total governmental funds	$	(763,464)
Pension expense/gain resulting from GASB 68 related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities		627,187
Compensated absences do not require the expenditure of current resources and are, therefore, are not reported as expenditures in the governmental funds		(79,665)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position		846,499
Accrued interest in the statement of activities does not require the expenditure of current resources and is, therefore, not recorded in the governmental funds		(150,408)
Certain revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end of pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected		906,957
Property tax revenue is recorded to the extent it is received within 60 days of year-end for governmental funds, but in the statement of activities this revenue is recorded as earned upon levy		(446,679)
Change in net position - governmental activities	$	940,427

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2022

	Custodial Funds
ASSETS:	
Cash	$ -
LIABILITIES:	
Other liabilities	-
NET POSITION	$ -

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2022

	Custodial Funds
ADDITIONS:	
Property tax collections for other governments	$ 3,600,043
Total additions	3,600,043
DEDUCTIONS:	
Payments of property taxes to other governments	3,600,043
Total deductions	3,600,043
Change in net position	-
NET POSITION - beginning of year	-
NET POSITION - end of year	$ -

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The City of Hudson, New York (City) was incorporated in 1785 and operates in accordance with its Charter and various other applicable laws of the State of New York. The City functions under a Mayor/Council form of government. The City Council is the legislative body responsible for overall operation. The Mayor serves as the chief executive officer and the City Treasurer serves as the chief financial officer. The City provides the following services to its residents: public safety, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the City, b) organizations for which the City is financially accountable and c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency, and financial accountability. Based upon the application of these criteria, the City has determined that the Hudson industrial Development Agency (HIDA) and Hudson Community Development and Planning Agency (HCDPA) are component units and their activities have been included in the financial reporting entity.

Discretely Presented Component Unit

The basic financial statements include financial data of the City’s discretely presented component unit. This unit is reported separately to emphasize that it is legally separate from the City.

Hudson Industrial Development Agency (HIDA) – This component unit is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities and prosperity of the City's inhabitants.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

A. Financial Reporting Entity – Continued

Blended Component Unit

The following blended component unit is legally separate from the City, but is, in substance, part of the City's operations and therefore, data from this unit is combined with data of the primary government.

Hudson Community Development and Planning Agency (HCDPA) – This component unit was established by the City pursuant to Article 15B of the General Municipal Law to encourage economic growth in the City of Hudson. HCDPA's current function is to provide safe and sanitary housing to City residents and to seek economic development opportunities for the City's inhabitants. Although legally separate from the City, HCDPA is considered an affiliated organization and, therefore, is reported as a blended component unit of the City.

B. Government-Wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. The effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the City at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the Statement of Activities.

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

C. Fund Financial Statements

The accounts of the City are organized and operated as funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in authoritative pronouncements. Each major fund is presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

C. Fund Financial Statements (Continued)

Because the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

The City's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

D. Fund Categories

Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds:

General Fund –The General Fund constitutes the primary operating fund of the City and is used to account for and report all financial activity not accounted for and reported in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Water Fund –The Water Fund is used to record the water utility operations of the City, which render services to the general public. The major revenue of this fund is departmental income.

Hudson Community Development and Planning Agency (HCDPA) – This fund is used to account for the City's blended component unit.

The following are the City's nonmajor governmental funds:

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the City are as follows:

- Sewer Fund – The Sewer Fund is used to record the sewer operations of the City. The major revenue of this fund is departmental income.
- Cemetery Fund – The Cemetery Fund is used to account for cemetery operations of the City. The major revenue of this fund is departmental income.

Permanent Fund – The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for cemetery purposes.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

D. Fund Categories (Continued)

Custodial Fund – The Custodial Fund is used to account for assets held by the City in a fiduciary capacity on behalf of others. The City's custodial fund is used to account for tax collections on behalf of other governments. The custodial fund is not included in the government-wide financial statements.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Accrual Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources focus means all assets and all liabilities associated with the operation (whether current or non-current) of the City are included in the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in total assets. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the City gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual Basis of Accounting

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety-day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Modified Accrual Basis of Accounting (Continued)

Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, retirement incentives and other pension obligations and other post-employment benefit obligations are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Deposits and Risk Disclosure
The City's investment policies are governed by State statutes. The City has adopted a written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The City is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Property Taxes
City real property taxes attach as an enforceable lien on real property and are levied annually on January 1st. The City collects City, County and school district taxes. City taxes are payable in four installments due January 1st, April 1st, July 1st, and September 1st. City taxes are collected without penalty or interest for a period of 30 days for the first and third installments and for 15 days for the remaining installments. County taxes are due in two installments due January 1st and July 1st. School district taxes for the period July 1st through June 30th are collected by the City School District through November 1st at which time the City assumes the responsibility for the collection. The City guarantees the full payment of the school district tax levy in November of the following year. The City also has the responsibility for conducting in-rem foreclosure proceedings.

The City has established a $1,062,205 allowance for uncollectible taxes based on collection history and a review of accounts by management.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

Accounts and Lease Receivable
Receivables include amounts due from other governments and individuals for services provided by the City, as well as leases. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due from/To Other Funds
During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Prepaid Expenditures
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement costs, which have been satisfied prior to the end of the fiscal year but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance in the fund financial statements which indicates that these amounts do not constitute available spendable resources even though they are a component of current assets.

Capital Assets
The City does not fully record property, plant, equipment, and infrastructure assets in its accounting records, which is a departure from generally accepted accounting principles. Accordingly, no provision for these assets has been made in the accompanying financial statements.

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

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City has reported deferred inflows of resources of $444,532 for real property taxes in the General Fund. These amounts are deferred and recognized as revenue in the period that the amount becomes available.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

Deferred Outflows/Inflows of Resources (Continued)
Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Short-Term Debt
The City may issue Revenue Anticipation Notes and Tax Anticipation Notes, in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The City may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The City may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within 5 years after the original issue date.

Long-Term Liabilities
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as General, Water, Sewer or Capital Projects funds expenditures.

Compensated Absences
The various collective bargaining agreements provide for the payment of accumulated sick leave upon separation of service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

Other Postemployment Benefits
In addition to providing the retirement benefits, the City provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the City and its employees. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the City. The City pays a variable percentage of the cost of premiums to various insurance companies and records these expenditures in the year in which they are paid. However, the City does not record the other postemployment benefit liability related to these benefits. This is a departure from generally accepted accounting principles.

Net Position and Fund Balance Classifications

Government-Wide Statements
In the government-wide statements, there are three classes of net position:

a) *Net investment in capital assets* - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b) *Restricted net position* - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations for other governments; or (2) law through constitutional provisions or enabling legislation.

Restricted net position and fund balance includes the following:

General Fund		
Capital Reserve - Building Improvements	$ 387,617	
LOSAP	177,923	
Capital Reserve - Fire House	76,300	
Code Book	9,862	
Schroeder Loan	8,232	
Other - Equitable Sharing	144,887	$ 804,821
Permanent Fund		
Perpetual Care		790,308
Cemetery Fund		
Veterans Plots		10,000
Hudson Community Development and Planning Agency		608,933
		$ 2,214,062

c) *Unrestricted net position* - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the City.

The City's policy is to use restricted resources prior to utilizing unrestricted funds.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

Governmental Fund Statements

In the fund basis statements, there are five classifications of fund balance:

a) *Nonspendable fund balance* – Includes amounts that cannot be spent because they are either not in spendable form (prepaid amounts) or they are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2022 by the City are nonspendable in form.

b) *Restricted fund balance* – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

c) *Committed fund balance* - Includes amounts that can be used for the specific purposes pursuant to constraints imposed be formal action of the City's highest level of decision-making authority, i.e., the City Council. The City has no committed fund balances as of December 31, 2022.

d) *Assigned fund balance* – Includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund.

e) *Unassigned fund balance* – Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the City. Deficit fund balance in funds other than the general fund are also classified as unassigned fund balance.

Order of Fund Balance Spending Policy

The City policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

G. Use of Estimates

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

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

H. Budgetary Data

The City generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

a) No later than the tenth day of November, the Board of Estimate and Apportionment, consisting of the Mayor, City Treasurer, and President of the Common Council, submits a tentative budget to the Common Council for the fiscal year commencing the subsequent calendar year. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City except for the following:
   - Capital Projects Fund
   - Permanent Fund
   - Hudson Community Development and Planning Agency

b) After public hearings are conducted to obtain taxpayer comments, no later than the 30th day of November, the Common Council adopts the proposed budget. Should the Common Council fail to adopt such a budget before November 30th, the proposed budget as submitted by the Board of Estimate and Apportionment shall be deemed adopted.

c) The City Treasurer is authorized to transfer any budgeted amounts not prohibited by law up to $500 upon departmental request; the Treasurer may transfer any amounts not prohibited by law, more than $500 but less than $1,000, with approval of the Board of Estimate and Apportionment; the Treasurer may transfer any amounts not prohibited by law in excess of $1,000 with the approval of both the Board of Estimate and Apportionment and the Common Council.

Budgetary controls are established for the Capital Projects Fund through Common Council resolutions authorizing individual projects which remain in effect for the life of the project.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgeting control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are recorded as reservations of fund balances since the commitments do not constitute expenditures or liabilities. Open encumbrances, after review by the City Council, are added to the subsequent year's budget to provide the modified budget presented in the combining financial statements. Expenditures for such commitments are recorded in the period in which the liability is incurred.

I. Property Tax Limitation

The City is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five-year average full valuation of taxable real estate located within the City, exclusive of the amount raised for the payment of interest on and redemption of long-term debt.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 (Tax Levy Limitation Law). This applies to all local governments.

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

I. Property Tax Limitation (Continued)

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a City in a particular year, beginning with the 2012 year. It was set to expire on June 16, 2016, but in June 2015, it was extended four more years.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete, and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the Allowable Levy Growth Factor, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The Inflation Factor is the quotient of: (I) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve- month period ending six months prior to the start of the prior fiscal year, divided by (ii) The average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places.

The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the City. The City Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the City Council first enacts, by a vote of at least sixty percent of the total voting power of the City Council, a local law to override such limit for such coming fiscal year.

NOTE 2 – GOING CONCERN HUDSON COMMUNITY DEVELOPMENT AND PLANNING AGENCY

Per the December 31, 2022 audited financial statements of Hudson Community Development and Planning Agency:

The Agency has suffered losses from operations in recent years and has limited unrestricted liquid assets to pay operating expenses. Although the Agency has successfully obtained grant revenue, it has historically spent excess of grant awards before consideration of other operating expenditures. In 2021, the Agency received a $1,000,000 grant, however, only approximately $10,000 could be used for administrative costs. The rest was restricted for specific direct programming purposes. During 2022, the Agency entered into a purchase option agreement which generated $25,000 of revenue.

Management plans to mitigate these adverse conditions through the sale of property held as investments in order to generate cash to sustain operations and to investigate appropriate grants within the Agency's mission that will provide an administrative component to support operations. The most significant of management's plans is the future sale of property. There is no assurance that management's plans will be successful. It is for this reason that management has determined these circumstances raise substantial doubt about the Agency's ability to continue as a going concern.

NOTE 3 – CASH

At December 31, 2022, all of the City's cash balances were either insured or collateralized with securities held by the pledging financial institutions' trust department in the City's name.

	Bank Balance	Carrying Amount
Cash, including fiduciary funds	$ 11,783,737	$ 11,312,111
Collateralized with securities held by the financial institution's trust department or agent in the City's name	$ 11,283,737	
Covered by FDIC insurance	500,000	
Total	$ 11,783,737	

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by stature to be reserved for various purposes.

Restricted cash consists of the following:

General fund:		
Escrow	$	49,671
Special reserves		472,149
Other		144,887
	$	666,707
Permanent fund:	$	792,078

NOTE 4 –RECEIVABLES

Taxes receivable at December 31, 2022, consisted of the following:

City and County Taxes - Current and Overdue	$	1,201,256
School District Taxes - Current and Overdue		1,294,333
Property Acquired for Taxes		453,822
		2,949,411
Allowance for Uncollectible Taxes		(1,062,205)
Total Taxes Receivable	$	1,887,206

School district taxes receivable are offset by liabilities to the school district, which will be satisfied in subsequent periods. In the governmental funds, taxes receivable are also partially offset by deferred tax revenues of $444,532, which represents an estimate of the taxes receivable which will not be collected within the first sixty days of the subsequent year.

Loans receivable for the Hudson Community Development and Planning Agency consisted of the following:

Promissory note requiring 120 equal payments of $152 beginning June 1, 2014 with 4% interest.	$	3,480
Revolving loan with Housing Resources of Columbia County (HRCC) requiring 120 equal payments of $330 beginning July 1, 2014 with 4% interest.		23,187
Non-interest bearing loan for $105,000 for funds advanced to Housing Resources of Columbia County (HRCC). These funds are due upon property's sale or no later than February 1, 2031.		105,000
	$	131,667

NOTE 5 – CAPITAL ASSETS

Changes in the City's reported capital assets are as follows:

	January 1, 2022 Balance	Additions	Deletions	December 31, 2022 Balance
Governmental activities:				
Primary Government:				
Capital assets that are not depreciated:				
Buildings and land improvements	$ 453,552	$ -	$ -	$ 453,552

	HIDA			
	January 1, 2022 Balance	Additions	Deletions	December 31, 2022 Balance
Component Unit:				
Capital assets that are not depreciated:				
Land	$ 40,000	$ -	$ -	$ 40,000

The City does not report all of its capital assets, properties held as investments, or infrastructure assets. This is a departure from generally accepted accounting principles.

NOTE 6 – SHORT-TERM DEBT

Bond Anticipation Notes

Liabilities for Bond Anticipation Notes (BANs) are generally accounted for in the capital projects fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date.

The City has the following BANs outstanding at December 31, 2022:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN - Water Distribution Improvements	6/24/2022	1.00%	$ 300,000	$ -	$ 300,000	$ -
BAN - Water Distribution Improvements	6/23/2023	2.97% - 4.00%	-	300,000	-	300,000
BAN - Wastewater Treatment Improvements	6/24/2022	1.00%	441,600	-	441,600	-
BAN - Wastewater Treatment Improvements	6/23/2023	2.97% - 4.00%	-	441,600	-	441,600
BAN - Acquisition of Ladder Truck	6/24/2022	1.00%	1,087,500	-	1,087,500	-
BAN - Acquisition of Ladder Truck	6/23/2023	2.97% - 4.00%	-	1,087,500	-	1,087,500
BAN - Promenade Park	6/24/2022	1.00%	1,200,000	-	1,200,000	-
BAN - Promenade Park	6/23/2023	2.97% - 4.00%	-	1,200,000	-	1,200,000
BAN - CSO/Front Street	6/23/2023	2.97% - 4.00%	-	2,225,925	-	2,225,925
BAN - DRI/Hudson Connectivity Improvements	6/23/2023	2.97% - 4.00%	-	3,146,000	-	3,146,000
			$ 3,029,100	$ 8,401,025	$ 3,029,100	$ 8,401,025

NOTE 7 - LONG-TERM LIABILITIES

The following table summarizes changes in the City's long-term liabilities for the year ended December 31, 2022:

	Beginning Balance	Increase	Decrease	Ending Balance	Due within One Year
Government activities					
Bonds and direct borrowing debt payable:					
General obligation debt:					
Serial bonds	$ 10,940,976	$ -	$ 716,499	$ 10,224,477	$ 729,526
Direct borrowing debt - installment purchase debt	900,000	-	130,000	770,000	130,000
Total bonds and direct borrowing debt payable	11,840,976	-	846,499	10,994,477	859,526
Other liabilities:					
Compensated absences	915,680	79,665	-	995,345	-
Net pension liability - PFRS	1,031,632	-	716,894	314,738	-
Total other liabilities	1,947,312	79,665	716,894	1,310,083	-
Total long-term liabilities	$ 13,788,288	$ 79,665	$ 1,563,393	$ 12,304,560	$ 859,526

Bonds Payable

Bonds and installment purchase debt payables at December 31, 2022, are comprised of the following issues:

Description of Issue	Year of Issue	Original Balance	Interest Rate	Final Maturity	December 31, 2022
Water Filtration	2003	$ 6,800,000	0.00%	2032	$ 2,663,050
Water Filtration	2006	$ 1,000,000	0.00%	2036	518,154
Fire Truck	2013	$ 506,000	3.21%	2023	58,091
Sewer Upgrade	2013	$ 4,968,647	0.00%	2043	3,479,700
Police Court Building	2014	$ 2,572,175	2.50%-4.00%	2040	2,070,000
Police Court Building #2	2016	$ 1,727,825	2.25%	2038	1,360,000
Airpacks	2018	$ 356,866	2.25%-3.80%	2023	75,482
	Total general obligation bonds payable				$ 10,224,477

Description of Debt	Year of Issue	Original Balance	Interest Rate	Final Maturity	December 31, 2022
Fire House	2004	$ 3,815,000	Variable	2028	$ 770,000
	Total direct borrowing debt				$ 770,000

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Below are the future maturities for all of the serial bonds and installment purchase debt outstanding at December 31, 2022:

	Bonds Payable			Direct Borrowing Debt		
Fiscal Year Ending December 31,	Principal	Interest	Total	Principal	Interest	Total
2023	$ 729,526	$ 122,140	$ 851,666	$ 130,000	$ -	$ 130,000
2024	604,763	112,688	717,451	130,000	-	130,000
2025	613,573	107,813	721,386	130,000	-	130,000
2026	627,382	102,682	730,064	130,000	-	130,000
2027	636,192	97,294	733,486	130,000	-	130,000
2028-2032	3,333,101	406,300	3,739,401	120,000	-	120,000
2033-2037	2,115,740	212,500	2,328,240	-	-	-
2038-2042	1,398,500	29,875	1,428,375	-	-	-
2043	165,700	-	165,700	-	-	-
	$ 10,224,477	$ 1,191,292	$ 11,415,769	$ 770,000	$ -	$ 770,000

Interest on all debt for the year was composed of:

Interest paid - long-term debt	$ 139,428
Less: Interest accrued in the prior year	(32,118)
Plus: Interest accrued in the current year	182,526
Total expense	$ 289,836

The City's outstanding installment purchase debt from direct borrowings related to governmental activities is $770,000 and is secured by the real property acquired under the debt agreement.

NOTE 8 – INTERFUND TRANSACTIONS

Interfund transactions for the period ended December 31, 2022 were as follows:

	Interfund Activity			
	Due From	Due To	Revenue	Expenditures
Governmental Funds:				
General	$ 3,134,461	$ 417,372	$ -	$ 624,425
Capital Projects	772,973	3,430,341	279,425	-
Water	85,345	84,495	-	-
Sewer	78,614	171,957	-	-
Cemetery	36,770	2,228	345,790	-
Permanent	-	1,770	-	790
Total Governmental Funds	$ 4,108,163	$ 4,108,163	$ 625,215	$ 625,215

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

NOTE 9 – PENSION PLANS

Plan Description

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (Systems). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for the entire length of service.

For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013, and then contribute 3% to 6% of their salary throughout their active membership. Under the authority of the NYSRSSL, the Comptroller certifies annually the rates expressed as proportions of payroll of members, which is used in computing the contributions required to be made by employers to the pension accumulation fund.

The City is required to contribute at an actuarially determined rate. The required contributions for the Plan's current fiscal year and the two preceding years were:

	ERS	PFRS
2022	$ 285,210	$ 604,723
2021	$ 386,219	$ 622,402
2020	$ 315,540	$ 534,332

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

New York State Employee Retirement System

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the City reported an asset of $807,086 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as April 1, 2021. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2022, the City's proportion was 0.0098731%, which was an increase of .0009011% from its proportion measured December 31, 2021.

NOTE 9 – **PENSION PLANS** (Continued)

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

For the year ended December 31, 2022, the City recognized pension expense of $44,277. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 61,122	$ 79,278
Changes of assumptions	1,346,937	22,728
Net difference between projected and actual earnings on pension plan investments	-	2,642,869
Changes in proportion and differences between employer contributions and proportionate share of contributions	146,379	102,687
Contributions subsequent to the measurement date	213,908	-
Total	$ 1,768,346	$ 2,847,562

$213,908 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:	
2023	$ (193,195)
2024	(290,034)
2025	(670,523)
2026	(139,372)
2027	-
Thereafter	-
	$ (1,293,124)

Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation:	2.70%
Salary scale:	4.4% ERS, 6.2% PFRS, indexed by service
Projected COLAs:	1.4% annually
Decrements:	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement:	Society of Actuaries Scale MP-2020
Investment Rate of Return:	5.9% compounded annually, net of investment expenses

NOTE 9 – **PENSION PLANS** (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic of real rates of return for each major asset class are summarized as of March 31, 2022 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ARS Portfolio	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.80%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease 4.9%	Current Discount Rate 5.9%	1% Increase 6.9%
Proportionate Share of Net Pension liability (asset)	$ 2,077,431	$ (807,086)	$ (3,219,846)

NOTE 9 – **PENSION PLANS** (Continued)

New York State Employee Retirement System (Continued)

Pension Plan Fiduciary Net Position
The components of the current-year net pension asset of the employers as of March 31, 2022, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	$ 223,874,888
Net position	232,049,473
Net pension liability (asset)	$ (8,174,585)
ERS net position as a percentage of total pension liability	103.65%

New York State and Local Police and Fire Retirement System

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At December 31, 2022, the City reported a liability of $314,738 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2022, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2022, the City's proportion was 0.0554073%, which was a decrease of 0.0040090% from its proportion measured December 31, 2021.

For the year ended December 31, 2022, the City recognized pension expense of $240.039. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 169,678	$ -
Changes of assumptions	1,883,777	-
Net difference between projected and actual earnings on pension plan investments	-	2,644,624
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,538	188,190
Contributions subsequent to the measurement date	453,542	-
Total	$ 2,524,535	$ 2,832,814

$453,542 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

NOTE 9 – **PENSION PLANS** (Continued)

New York State and Local Police and Fire Retirement System (Continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:	
2023	$ (179,394)
2024	(252,515)
2025	(653,615)
2026	329,002
2027	(5,299)
Thereafter	-
	$ (761,821)

Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation:	2.70%
Salary scale:	4.4% ERS, 6.2% PFRS, indexed by service
Projected COLAs:	1.4% annually
Decrements:	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement:	Society of Actuaries Scale MP-2020
Investment Rate of Return:	5.9% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic of real rates of return for each major asset class are summarized as of March 31, 2022 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ARS Portfolio	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.80%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
	100%	

NOTE 9 – **PENSION PLANS** (Continued)

New York State and Local Police and Fire Retirement System (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease 4.9%	Current Discount Rate 5.9%	1% Increase 6.9%
Proportionate Share of Net Pension liability (asset)	$ 3,500,978	$ 314,738	$ (2,322,622)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2022, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	$ 42,237,292
Net position	41,669,250
Net pension liability (asset)	$ 568,042
ERS net position as a percentage of total pension liability	98.66%

NOTE 10 – LENGTH OF SERVICE AWARD PROGRAM

The City of Hudson established a defined contribution Service Program (LOSAP - Length of Service Award Program - under Section 457(e) (11) of the Internal Revenue Code) effective January 1, 2017, for the active volunteer firefighter members of the City of Hudson Fire Department. The Program was established pursuant to Article 11-A of the New York General Municipal Law. The Program provides municipally funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The City of Hudson is the sponsor of the Program. The Program is Administered by the Office of the New York State Comptroller (OCS). The OSC has contracted with Penflex, Inc. located in Latham, New York to be the Program Administrator.

NOTE 10 – LENGTH OF SERVICE AWARD PROGRAM (Continued)

Program Description

Participating Vesting and Service Credit

In a defined contribution LOSAP, each Participant has an individual Program account. An eligible Program Participant is an active volunteer firefighter who has earned one (1) year of Service Award Program service credit who has not waived participation in the Program. Each Participant's individual Program account is credited with a service award contribution as of the end of each calendar year during which the volunteer met the requirements to earn a year Service Award Program service credit. The Participant is paid his or her account balance upon attainment of the Entitlement Age. The Program's Entitlement Age is 62. The amount paid will vary depending upon the number of years of service credit earned by the Participant and the investment income (less administrative and/or investment expenses not paid by the Program Sponsor) earned by the Program assets and allocated to the Participant's Program account.

Participants acquire a non-forfeitable right to be paid their Program account balance after earning credit for five (5) years of service, attaining the Program's Entitlement Age while an active volunteer firefighter, upon death after having earned at least five (5) years of service credit or after becoming totally and permanently disabled. An active volunteer firefighter earns a year of Service Award Program service credit for each calendar year ending after the effective date of the establishment of the Program in which he or she accumulates fifty (50) or more points.

Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values.

A Participant may also receive Service Award Program credit for five (5) years of active volunteer firefighting service rendered immediately prior to the establishment of the Program as an active volunteer firefighter member of the City of Hudson Department of Fire.

Benefits

A Participant's benefit under the Program is his or her Program account balance paid upon application to the Program Administrator on or after the attainment of the Entitlement Age in the form of a lump sum. The participant may elect to be paid in annual installments over a 2, 3, 4, or 5-year period, in lieu of one lump sum. The annual contribution paid by the City of Hudson and credited to the account of a participant who earned at least fifty points during a calendar year is currently $700. The maximum number of years of service credit a participant may earn is 40 years under the program. Except in the case of Pre-Entitlement Age death or total and permanent disablement, a Participant's account balance will not be paid until a Participant applies for payment and attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age continue to have the opportunity to earn Program credit and to thereby be paid additional service awards. The Pre- Entitlement Age death and disability benefit is equal to the Participant's Program account balance as of the calendar year quarterly valuation date preceding the date of death or disablement. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self- insured and are paid from the Program trust fund.

For a complete explanation of the program, see the Program Document a copy of which is available from the City of Hudson Treasurer.

NOTE 10 – LENGTH OF SERVICE AWARD PROGRAM (Continued)

Fiduciary Investment and Control

After the end of each calendar year, the fire company prepares and certifies a list of names of all persons who were active volunteer members of the fire company during the year indicating which volunteers earned fifty or more points. The certified list is delivered to the City of Hudson for review and approval by the City of Hudson Common Council. The fire company must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Common Council.

The Office of State Comptroller of New York State (OSC) has retained Penflex, Inc to assist in the administration of the program. The services provided by Penflex, Inc are described in the contract between Penflex, Inc and the OSC. The OSC has retained Glens Falls National Bank to be the Program Trustee.

Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the Common Council and the Program Trustee the amount of the service award to be paid to a participant or to a participant's designated beneficiary.

Penflex then authorizes in writing the Program Trustee to pay the service award (i.e., the participant's Program account balance). No service award benefit payment is made without the written certification from Penflex and the written directive from Penflex to the Program Trustee.

Penflex bills the OSC for the services it provides. Upon approval and authorization by the OSC, Penflex invoices are paid from the Sponsors program assets within the program trust fund maintained by the Program Trustee.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program.

The Common Council and the OSC created a Service Award Program Trust Fund through the adoption of a Trust Document issued by the Program Trustee, a copy of which is available from the City of Hudson Treasurer.

NOTE 10 – LENGTH OF SERVICE AWARD PROGRAM (Continued)

Authority to invest the Program assets are vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule and an investment policy selected by the OSC.

Program Financial Condition

Assets and Liabilities

Assets Available for Benefits		$ 177,923
Sponsor Contributions Receivable		-
Interest on Unfunded Prior Service Liability		-
Cash & Cash Equivalents		-
Equities		-
Fixed Income		-
Less: Liabilities - Excess Sponsor Contribution		-
Plus: Benefits Payable		-
Total Net Assets Available for Benefits		$ 177,923
Unfunded Liability for Prior Service		$ -

Prior Service Costs

Prior services costs are being amortized over a five year period.

Receipts and Disbursements

Plan Net Assets, beginning of year		$ 204,276
Changes during the year:		
Plan Contributions	13,722	
Interest earned for prior service liability	-	
Change in contribution receivable	-	
Changes in fair market value of investments	-	
Investment income loss	(29,740)	
Investment fees	(3,172)	
Benefits paid/payable	(7,163)	(26,353)
Plan Net Assets, end of year		$ 177,923

Contributions

Contribution recommended by actuary	$ 13,722
Actual contribution made by the Sponsor	$ 13,722

Administration Fees

Fees paid to administrative/actuarial services provider	$ 2,379
Fees paid for investment management	$ 793

NOTE 11 – PROPERTY TAX ABATEMENT

Payments in Lieu of Taxes Agreements

The City has eight real property tax abatement agreements entered into by the City, the Hudson Industrial Development Agency (HIDA), and the Columbia County IDA under Article 18-A of the real property tax law. These agreements provide for abatement of real estate property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with the IDA's Uniform Tax Exemption Policy. In accordance with the policy, the City, or the applicable IDA, grants PILOTs in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. The IDAs also has policies for recapture of PILOTs should the applicant not meet certain criteria. All policies are available from the IDA.

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2022:

Agreement	Assessed Value	Tax Rate	Tax Value	485B Exemption	PILOT Received	City Tax Abated
Columbia County IDA	$ 4,900,000	$ 7.480793	$ 36,656	$ -	$ 15,652	$ 21,004
Hudson IDA	$ 9,000,000	$ 7.480793	$ 67,327	$ -	$ 56,932	$ 10,395
City of Hudson	$ 23,927,000	$ 7.480793	$ 178,993	$ -	$ 82,417	$ 96,576

NOTE 12 – LEASE AGREEMENTS

Lessor Agreements

The City is the lessor of property. The lease does not contain a renewal option. Lease agreements are summarized as follows:

Description	Term (in Years)	Interest Rate/ Discount Rate	Total Future Receipts
Land	20	4.00%	$ 3,000,000

Activity of lease inflows for the year ended December 31, 2022 is summarized as follows:

Lease-related Revenue	Year Ending December 31, 2022
Lease Revenue	
Land	$ 108,841
Total Lease Revenue	108,841
Interest Revenue	91,159
Total	$ 200,000

Future minimum lease payments due to the City are as follows:

	Principal	Interest	Total
2023	$ 113,195	$ 86,805	$ 200,000
2024	117,723	82,277	200,000
2025	122,432	77,568	200,000
2026	127,329	72,671	200,000
2027	132,422	67,578	200,000
2028-2032	745,931	254,069	1,000,000
2033-2037	365,907	134,093	500,000
2038-2042	445,182	54,818	500,000
	$ 2,170,122	$ 829,878	$ 3,000,000

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Litigation

The City, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. Of the claims pending, none are expected to have a material effect on the City, if adversely settled.

The City is a defendant in pending certiorari proceedings, the results of which could require the payment of future tax refunds by the City, if existing assessment rolls are modified based on the outcome of the litigation proceedings. The amount of the possible refunds cannot be determined at the present time. Any payments pursuant to such judgments will be funded in the year in which the payment is made.

B. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

C. Grants

The City received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the City's management believes such amounts, if any, will be immaterial.

Hudson Community Development and Planning Agency was awarded a $1,000,000 anti-displacement learning network (ADLN) grant to be used in allocations, programs and strategies that allow the City of Hudson to retain residents of color and push back on forces of displacement. During the year ended December 31, 2022, $120,514 of this grant was expended.

D. Commitments

The City has various commitments with contractors for the completion of capital projects.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent to year-end the City issued the following debt:

- Bond anticipation note - $4,995,543; 4.60% interest, issued June 22, 2023; maturity date June 21, 2024.
- Serial Bond - $2,066,943; 3.00%-4.00% interest, issued June 22, 2023; maturity date June 15, 2038.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT

The financial statements of Hudson Industrial Development Agency (Agency or IDA) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Organization and Summary of Significant Accounting Policies

The Hudson Industrial Development Agency is a public benefit corporation established under Section 856 of the New York State Industrial Development Agency Act of the State of New York and Chapter 73 of the Laws of 1970 of the State. The Agency was established to encourage growth within the City of Hudson, New York (C The Agency helps to facilitate economic development in the City, primarily by issuing tax-exempt debt. Its operations are financed primarily by the City by providing use of City staff and facilities. The Agency is considered a component unit of the City of Hudson.

Basis of Accounting

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Agency is presented as a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects on an enterprise of transactions and other events when these transactions and events occur. The measurement focus is the flow of economic resources.

Cash and Cash Equivalents

The Agency's cash and cash equivalents considers all demand deposits, time and savings accounts, and certificates of deposit with an original maturity of three months or less to be cash or cash equivalents. The Agency’s monies are deposited in FDIC insured commercial banks or trust companies located within the State of New York. The Agency is authorized to use demand deposit, time and money market savings accounts, and certificates of deposit. The Agency’s cash balances were fully insured by the FDIC.

Property, Plan, and Equipment

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost). Contributed fixed assets are recorded at fair market value at the date received.

NOTE 16 – RESTATEMENTS

During the year ended December 31, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City financial statements and had no effect on the beginning net position of the governmental activities, as the lease receivable equaled the deferred inflow of resources for leases.

As of January 1, 2022, the Hudson Community Development Planning Agency restated its unrestricted net position and unrestricted fund balance by $23,187 to reflect a loan receivable balance that was previously written off in error.

A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

	Net Position	Water Fund	Hudson Community Development and Planning Agency
Balance December 31, 2021 as originally reported	$ (8,379,455)	$ 402,312	$ 22,191
Adjustments:			
Lease receivable	2,170,122	2,170,122	-
Deferred inflow	(2,170,122)	(2,170,122)	-
Loan receivable	23,187	-	23,187
Balance at December 31, 2021 as restated	$ (8,356,268)	$ 402,312	$ 45,378

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF HUDSON, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Real property taxes and tax items	$ 5,957,031	$ 5,957,031	$ 6,038,972	$ -	$ 81,941
Nonproperty tax items	2,720,000	2,720,000	3,144,272	-	424,272
Departmental income	532,407	923,028	857,426	-	(65,602)
Use of money and property	63,200	63,200	56,896	-	(6,304)
Licenses and permits	231,650	231,650	290,469	-	58,819
Fines and forfeitures	440,000	440,000	387,554	-	(52,446)
Sale of property and compensation for loss	271,000	271,000	130,494	-	(140,506)
Miscellaneous local sources	116,500	120,888	106,219	-	(14,669)
State aid	2,093,194	3,611,129	2,014,406	-	(1,596,723)
Federal aid	150,962	416,703	299,420	-	(117,283)
Total revenue	12,575,944	14,754,629	13,326,128	-	(1,428,501)
EXPENDITURES:					
General governmental support	1,705,846	1,827,884	1,444,004	80,884	302,996
Public safety	4,058,148	4,353,494	4,182,574	141,813	29,107
Public health	8,662	9,295	8,900	-	395
Transportation	1,305,563	2,966,066	1,231,813	83,606	1,650,647
Economic assistance and opportunity	34,000	110,446	57,696	52,250	500
Culture and recreation	1,228,441	1,720,478	1,029,517	137,724	553,237
Home and community services	380,537	433,835	376,822	18,369	38,644
Employee benefits	3,001,754	2,954,211	2,910,236	5,967	38,008
Debt service - principal	399,355	399,355	399,355	-	-
Debt service - interest	136,924	137,303	137,253	-	50
Total expenditures	12,259,230	14,912,367	11,778,170	520,613	2,613,584
EXCESS OF REVENUES OVER EXPENDITURES	316,714	(157,738)	1,547,958	(520,613)	1,185,083
OTHER FINANCING SOURCES (USES):					
BAN premium	-	-	43,224	-	43,224
Operating transfers in	1,500	1,500	-	-	(1,500)
Operating transfers out	(318,214)	(582,999)	(624,425)	-	(41,426)
Total other financing sources (uses)	(316,714)	(581,499)	(581,201)	-	298
NET CHANGE IN FUND BALANCE	-	(739,237)	966,757	(520,613)	1,185,381
FUND BALANCE - beginning of year	4,965,484	4,965,484	4,965,484	-	-
FUND BALANCE - end of year	$ 4,965,484	$ 4,226,247	$ 5,932,241	$ (520,613)	$ 1,185,381

CITY OF HUDSON, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WATER FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	$ 1,089,250	$ 1,089,250	$ 1,117,441	$ -	$ 28,191
Use of money and property	200,400	200,400	200,391	-	(9)
Total revenue	1,289,650	1,289,650	1,317,832	-	28,182
EXPENDITURES:					
General governmental support	104,173	98,073	93,874	-	4,199
Home and community services	713,643	878,140	863,324	2,428	12,388
Employee benefits	189,560	189,560	187,326	-	2,234
Debt service - principal	281,444	281,444	281,444	-	-
Debt service - interest	830	880	880	-	-
Total expenditures	1,289,650	1,448,097	1,426,848	2,428	18,821
EXCESS OF REVENUES OVER EXPENDITURES	-	(158,447)	(109,016)	(2,428)	47,003
OTHER FINANCING SOURCES					
BAN premium	-	-	2,387	-	2,387
Total other financing sources	-	-	2,387	-	2,387
NET CHANGE IN FUND BALANCE	-	(158,447)	(106,629)	(2,428)	49,390
FUND BALANCE - beginning of year	402,312	402,312	402,312	-	-
FUND BALANCE - end of year	$ 402,312	$ 243,865	$ 295,683	$ (2,428)	$ 49,390

CITY OF HUDSON, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SEWER FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	$ 1,200,000	$ 1,200,000	$ 1,230,180	$ -	$ 30,180
Use of money and property	500	500	319	-	(181)
Total revenue	1,200,500	1,200,500	1,230,499	-	29,999
EXPENDITURES:					
General governmental support	45,173	45,173	41,743	-	3,430
Home and community services	856,186	968,283	956,116	2,428	9,739
Employee benefits	132,146	135,146	119,189	-	15,957
Debt service - principal	165,700	165,700	165,700	-	-
Debt service - interest	1,295	1,295	1,295	-	-
Total expenditures	1,200,500	1,315,597	1,284,043	2,428	29,126
EXCESS OF REVENUES OVER EXPENDITURES	-	(115,097)	(53,544)	(2,428)	59,125
OTHER FINANCING SOURCES:					
BAN Premium	-	-	21,221	-	21,221
Total other financing sources	-	-	21,221	-	21,221
NET CHANGE IN FUND BALANCE	-	(115,097)	(32,323)	(2,428)	80,346
FUND BALANCE - beginning of year	326,505	326,505	326,505	-	-
FUND BALANCE - end of year	$ 326,505	$ 211,408	$ 294,182	$ (2,428)	$ 80,346

CITY OF HUDSON, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CEMETERY FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	$ 139,500	$ 139,500	$ 115,624	$ -	$ (23,876)
Use of money and property	23,450	23,450	11,705	-	(11,745)
Miscellaneous sources	5,000	5,000	4,645	-	(355)
Total revenue	167,950	167,950	131,974	-	(35,976)
EXPENDITURES:					
General government support	22,587	22,587	20,870	-	1,717
Home and community services	316,168	349,043	336,708	971	11,364
Employee benefits	147,409	147,409	135,727	-	11,682
Total expenditures	486,164	519,039	493,305	971	24,763
EXCESS OF REVENUES OVER EXPENDITURES	(318,214)	(351,089)	(361,331)	(971)	(11,213)
OTHER FINANCING SOURCES:					
Operating transfers in	318,214	318,214	345,790	-	27,576
Total other financing sources (uses)	318,214	318,214	345,790	-	27,576
NET CHANGE IN FUND BALANCE	-	(32,875)	(15,541)	(971)	16,363
FUND BALANCE - beginning of year	25,632	25,632	25,632	-	-
FUND BALANCE - end of year	$ 25,632	$ (7,243)	$ 10,091	$ (971)	$ 16,363

CITY OF HUDSON, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.0098731%	0.0089720%	0.0079228%	0.0083376%	0.0077186%	0.0081201%	0.0085386%	0.9027800%		
Proportionate share of the net pension liability (asset)	$ (807)	$ 9	$ 2,098	$ 591	$ 249	$ 763	$ 1,370	$ 305		
Covered-employee payroll	$ 2,845	$ 2,611	$ 2,370	$ 2,224	$ 2,248	$ 2,450	$ 2,208	$ 2,245		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-28.37%	0.34%	88.52%	26.57%	11.08%	31.15%	62.05%	13.58%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.0554073%	0.0594163%	0.0613717%	0.0624145%	0.0591590%	0.0586180%	0.0612260%	0.0582500%		
Proportionate share of the net pension liability (asset)	$ 315	$ 1,032	$ 3,280	$ 1,047	$ 1,215	$ 1,215	$ 1,813	$ 160		
Covered-employee payroll	$ 2,248	$ 2,233	$ 2,254	$ 2,167	$ 2,078	$ 2,420	$ 1,892	$ 1,837		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.00%	46.22%	145.52%	48.32%	58.45%	50.21%	95.81%	8.73%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

CITY OF HUDSON, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 285	$ 386	$ 316	$ 306	$ 230	$ 308	$ 328	$ 369		
Contributions in relation to the contractually required contribution	285	386	316	306	230	308	328	369		
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Covered-employee payroll	$ 2,845	$ 2,611	$ 2,370	$ 2,224	$ 2,248	$ 2,450	$ 2,208	$ 2,245		
Contributions as a percentage of covered-employee payroll	10.03%	14.79%	13.31%	13.76%	10.22%	12.58%	14.85%	16.44%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 605	$ 622	$ 534	$ 473	$ 355	$ 447	$ 455	$ 462		
Contributions in relation to the contractually required contribution	605	622	534	473	355	447	455	462		
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Covered-employee payroll	$ 2,248	$ 2,233	$ 2,254	$ 2,167	$ 2,078	$ 2,420	$ 1,892	$ 1,837		
Contributions as a percentage of covered-employee payroll	26.90%	27.87%	23.71%	21.83%	17.07%	18.47%	24.05%	25.13%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTARY INFORMATION

CITY OF HUDSON, NEW YORK

STATEMENT OF NET POSITION - DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 2022

	Hudson Industrial Development Agency
ASSETS	
Cash and cash equivalents:	
Unrestricted	$ 295,063
Restricted	20,507
Other receivables - escrow	5,694
Capital assets, net	40,000
Total assets	361,264
LIABILITIES	
Accounts payable	18,102
Other liabilities - escrow	15,911
Total liabilities	34,013
NET POSITION	
Net investment in capital assets	40,000
Unrestricted	287,251
Total net position	$ 327,251

CITY OF HUDSON, NEW YORK

STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 2022

	Hudson Industrial Development Agency
FUNCTIONS/PROGRAM EXPENSES	
Economic assistance and opportunity	$ 45,608
GENERAL REVENUES	
Use of money and property	11,930
Miscellaneous	1,000
Total general revenue	12,930
Change in net position	(32,678)
Total net position - beginning of year	359,929
Total net position - end of year	$ 327,251

CITY OF HUDSON, NEW YORK

STATEMENT OF CASH FLOWS - DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 2022

	Hudson Industrial Development Agency
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from project escrows	$ 53,629
Receipts from lease income	11,458
Receipts from other charges for services	1,000
Payments for project escrows	(68,195)
Payments to vendors	(33,566)
Net cash flows provided by operating activities	(35,674)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	472
Net cash flows provided by investing activities	472
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,202)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	350,772
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 315,570
RECONCILIATION OF CHANGES IN NET POSITION TO CASH FROM OPERATIONS	
Change in Net position	$ (33,150)
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	1
Accounts payable	(17,092)
Other liabilities	14,567
	(2,524)
Net cash (used in) operating activities	$ (35,674)

CITY OF HUDSON, NEW YORK

SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenue Funds			
	Sewer Fund	Cemetery Fund	Permanent Fund	Total
ASSETS				
Cash	$ 203,851	$ 9,984	$ -	$ 213,835
Restricted cash	-	-	792,078	792,078
Accounts receivable	296,849	-	-	296,849
Due from other funds	78,614	36,770	-	115,384
Prepaid and other assets	6,034	4,819	-	10,853
TOTAL ASSETS	$ 585,348	$ 51,573	$ 792,078	$ 1,428,999
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	$ 96,180	$ 17,401	$ -	$ 113,581
Accrued liabilities	9,090	7,521	-	16,611
Due to employee retirement system	13,939	14,332	-	28,271
Due to other funds	171,957	2,228	1,770	175,955
Total liabilities	291,166	41,482	1,770	334,418
FUND BALANCE:				
Nonspendable	6,034	4,819	-	10,853
Restricted	-	10,000	790,308	800,308
Assigned - Other	288,148	971	-	289,119
Unassigned	-	(5,699)	-	(5,699)
Total Fund Balance	294,182	10,091	790,308	1,094,581
TOTAL LIABILITIES AND FUND BALANCE	$ 585,348	$ 51,573	$ 792,078	$ 1,428,999

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

SCHEDULE OF COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds			
	Sewer Fund	Cemetery Fund	Permanent Fund	Total
REVENUES:				
Departmental income	$ 1,230,180	$ 115,624	$ -	$ 1,345,804
Use of money and property	319	11,705	790	12,814
Miscellaneous	-	4,645	3,865	8,510
Total revenues	1,230,499	131,974	4,655	1,367,128
EXPENDITURES:				
General government support	41,743	20,870	-	62,613
Home and community services	956,116	336,708	-	1,292,824
Employee benefits	119,189	135,727	-	254,916
Debt Service				
Principal	165,700	-	-	165,700
Interest	1,295	-	-	1,295
Total expenditures	1,284,043	493,305	-	1,777,348
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53,544)	(361,331)	4,655	(410,220)
OTHER FINANCING SOURCES (USES):				
BAN premium	21,221	-	-	21,221
Operating transfers - in	-	345,790	-	345,790
Operating transfers - out	-	-	(790)	(790)
Total other financing sources (uses)	21,221	345,790	(790)	366,221
CHANGE IN FUND BALANCE	(32,323)	(15,541)	3,865	(43,999)
FUND BALANCE - beginning of year	326,505	25,632	786,443	1,138,580
FUND BALANCE - end of year	$ 294,182	$ 10,091	$ 790,308	$ 1,094,581

The accompanying notes are an integral part of these statements.

REQUIRED REPORTS UNDER UNIFORM GUIDANCE

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

January 30, 2024

The Honorable Mayor and City Council of the
City of Hudson, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hudson, New York (City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Hudson Industrial Development Agency and the Hudson Community Development and Planning Agency, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report describes an adverse opinion on governmental activities because the City does record other postemployment benefits (OPEB), capital assets and general infrastructure assets in governmental activities and, accordingly has not recorded employee benefits or depreciation expense as required by accounting principles generally accepted in the United States. Our report describes a qualified opinion on the Hudson Community Development and Planning Agency (HCDPA). HCDPA's opinion was qualified because management does not have adequate records to support its deferred inflow of resources balances. All other opinion units had unmodified opinions.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

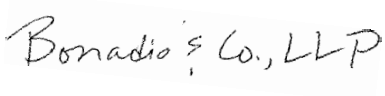
Report on Internal Control Over Financial Reporting (Continued)
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

City's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

January 30, 2024

The Honorable Mayor and City Council of the
City of Hudson, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the City of Hudson, New York's (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (Continued)

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bonadio & Co., LLP

CITY OF HUDSON, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through New York State Home and Community Renewal			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	558ED998-21	$ 41,696
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	558PR160-19	750,000
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			791,696
Total U.S. Department of Housing and Urban Development			791,696
U.S. Department of Justice			
Law Enforcement Assistance Narcotics and Dangerous Drugs Training	16.004	N/A	20,701
Bulletproof Vest Partnership Program	16.607	N/A	1,496
Public Safety Partnership and Community Policing Grants	16.710	N/A	87,620
Total U.S. Department of Justice			109,817
U.S. Department of the Treasury			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	189,603
Total U.S. Department of the Treasury			189,603
Total Expenditures of Federal Awards			$ 1,091,116

CITY OF HUDSON, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of City of Hudson, New York (City) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, the aggregate discretely presented component unit, and the aggregate remaining fund information of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the City's general ledger.

3. PASS-THROUGH PROGRAMS

Where the City receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing number advised by the pass-through grantor. Identifying numbers, other than the Assistance Listing numbers, which may be assigned by pass-through grantors are not maintained in the City's financial management system. The City has identified certain pass-through identifying numbers and included them in the Schedule, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented.

The City did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the City's or State's share of certain program costs, are not included in the schedule of expenditures of federal awards**.**

CITY OF HUDSON, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's reports issued on whether financial statements were prepared in accordance with GAAP:	Governmental Activities:	Adverse
	General Fund:	Unmodified
	Capital Projects Fund:	Unmodified
	Water Fund:	Unmodified
	Hudson Community Development and Planning Agency:	Qualified
	Aggregate Remaining Fund Information:	Unmodified
	Aggregate Discretely Presented Component Units:	Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified not considered to be material weaknesses?	__X__ Yes	____ None reported
Noncompliance material to financial statements noted?	____ Yes	__X__ No

Federal Awards
Internal control over major programs:

Material weakness(es) identified?	____ Yes	__X__ No
Significant deficiency(ies) identified not considered to be material weaknesses?	____ Yes	__X__ None reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	____ Yes	__X__ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ Yes __X__ No

Section II – Financial Statement Findings

Finding 2022-001 - Year-end Closing Procedures

Criteria - The year-end closing procedures should result in complete and accurate records that support the basic financial statements, footnotes, and supporting schedules in accordance with generally accepted accounting principles.

Condition - Multiple audit adjustments were required so that the City's financial statements were fairly stated in accordance with generally accepted accounting principles.

Cause and Effect – The primary corrections necessary related to accrual adjustments for receivables and payables. Had these corrections not been made, the financial statements would have been misstated.

Recommendation - We recommend that the City make certain accrual adjustments are recorded at year end.

View of Responsible Officials– The City recognizes that accruals related to accounts receivable and accounts payable are an important component in accurately reflecting the City's financial position. Chargebacks of revenue and expenditures have historically been provided by the departmental clerks. In the future, the Treasurer's Office will review the proposed chargebacks with each departmental clerk to ensure that all chargebacks are captured. In addition, the Treasurer's Office will ensure that submissions for grant reimbursements are recorded as revenue and receivable at the time the claim is submitted.

Section III - Federal Award Findings and Questioned Costs

None.