CITY OF HUDSON, NEW YORK

Financial Statements
as of and
For the Year Ended December 31, 2025
Together with
Independent Auditor's Reports

Bonadio & Co., LLP
Accounting, Consulting & More

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT..... 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) 5

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position 11

Statement of Activities..... 12

Fund Financial Statements:

Balance Sheet - Governmental Funds 13

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities..... 14

Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds 15

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities 16

Statement of Net Position – Fiduciary Funds..... 17

Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... 18

Notes to Financial Statements..... 19

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Statement of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual – General Fund..... 49

Statement of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual – Water Fund..... 50

Statement of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual – Sewer Fund..... 51

Statement of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual – Miscellaneous Special Revenue Fund..... 52

Schedule of Proportionate Share of Net Pension Liability (Asset)..... 53

Schedule of Contributions – Pension Plans..... 54

C O N T E N T S (Continued)

SUPPLEMENTARY INFORMATION

Discretely Presented Component Unit:

Statement of Net Position..... 55

Statement of Activities..... 56

Statement of Cash Flows..... 57

Schedule of Combining Balance Sheet – Non-major Governmental Funds …… 58

Schedule of Combining Statement of Revenue, Expenditures and Changes In Fund Balance – Non-major Governmental Funds …….. 59

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

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*…… 60

Bonadio & Co., LLP
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INDEPENDENT AUDITOR'S REPORT

September 28, 2026

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

Report on the Audit of the Financial Statements

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, 2025, 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 1.65%, 0.28%, and 0.22%, 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 (HCDPA)	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, 2025, 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, 2025, 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 3, 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 3 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 aggregate discretely presented component unit of the City of Hudson, New York as of December 31, 2025, 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 2 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.

(Continued)

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.

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 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 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 September 28, 2026, 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, 2025. 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 2025 are as follows:

- As reported in the government-wide financial statements, the net position of the City at December 31, 2025 was a deficit of $9,753,900 as compared to the deficit of $9,144,963 at December 31, 2024, a decrease of $608,937.

- The City's total governmental fund balance at the end of the year was $6,450,265, which represents a decrease from the prior year of $1,854,778.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $2,197,737 or 14.17% of total General Fund expenditures. It should also be noted that restricted fund balance of $698,861 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, Water, and Hudson Community Development and Planning Agency 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 Miscellaneous Special Revenue 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 – Custodial Fund. Resources are held in this fund by the City purely in a custodial capacity.

FINANCIAL HIGHLIGHTS (Continued)

Fund Financial Statements – (Continued)

The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government.
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)

	2025	2024	% Change
Current Assets	$ 19,885	$ 21,288	-6.6%
Noncurrent Assets, Net	2,498	2,275	9.8%
Total Assets	22,383	23,563	-5.0%
Deferred Outflows of Resources	3,528	3,936	-10.4%
Current Liabilities	13,860	13,237	4.7%
Non-current Liabilities	19,578	19,633	-0.3%
Total Liabilities	33,438	32,870	1.7%
Deferred Inflows of Resources	2,228	3,774	-41.0%
Net Position			
Net investment in capital assets	(17,815)	(18,914)	5.8%
Restricted	1,739	1,688	3.0%
Unrestricted	6,321	8,081	-21.8%
Total Net Position	$ (9,755)	$ (9,145)	-6.7%

Current assets decreased primarily due to decreases in tax and state/federal receivables.

Noncurrent assets increase due to the addition of subscription assets under GASB 96.

Current liabilities increased primarily because of increases in accounts payable, due to NYS ERS and bond anticipation notes.

FINANCIAL HIGHLIGHTS (Continued)

Table A-2 – Comparative Statement of Activities

	2025	2024	% Change
Program Revenue:			
Charges for services	$ 5,655	$ 5,016	12.7%
Operating grants and contributions	1,218	2,137	-43.0%
Capital grants	2,104	6,929	-69.6%
General Revenue:			
Real property taxes	6,132	5,772	6.2%
Other tax and non tax items	3,523	3,053	15.4%
General State Aid	1,751	1,728	1.3%
Use of money and property	452	347	30.3%
Sale of property and compensation for loss	381	640	-40.5%
Miscellaneous	355	585	-39.3%
Total Revenues	21,571	26,206	-17.7%
Expenses:			
General government support	2,566	2,861	-10.3%
Public safety	6,818	8,842	-22.9%
Health	15	14	7.1%
Transportation	3,984	7,182	-44.5%
Economic opportunity and development	209	447	-53.2%
Culture and recreation	3,233	3,931	-17.8%
Home and community services	4,656	5,098	-8.7%
Debt service interest	699	556	25.7%
Total Expenses	22,180	28,931	-23.3%
Change in Net Position	$ (609)	$ (2,725)	-77.7%

Operating and capital grants decreased because of substantial decrease in state and federal aid for transportation.

Other tax and non tax items revenue increased because of the repayment of taxes receivable in the current year by residents of the city.

Public safety expenses decreased primarily due to the allocation of employee benefits, namely pension expenses.

Transportation expenses decreased primarily due to lags in project work during the current year as transportation project funding was established.

FINANCIAL HIGHLIGHTS (Continued)

Table A-3 – Comparative Total Cost of Services and Net Cost of Services

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 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
General Government Support	$ 2,567	$ 2,153	$ 2,863	$ 2,529
Public safety	6,818	5,622	8,842	7,848
Health	15	15	14	(43)
Transportation	3,983	1,800	7,182	1,167
Economic Opportunity & Assistance	209	157	447	374
Culture and Recreation	3,233	1,773	3,931	1,753
Home and Community Services	4,656	985	5,098	666
Interest	699	699	556	556
	$ 22,180	$ 13,204	$ 28,933	$ 14,850

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 $6,450,265 as compared to the 2024 fund balance of $8,305,043, a decrease of $1,854,778. The decrease was primarily the result of capital project expenditures incurred during the year that are expected to be funded through future grant revenues and/or long-term financing.

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 $13,956,615. The City also had total installment purchase debt of $380,000, 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, 2025	December 31, 2024
General obligation bonds (including unamortized premium)	$ 13,957	$ 14,731
Installment purchase debt	380	510
Compensated absences	1,056	1,140
Subscription liability	150	-
Net pension liability - ERS	1,676	1,573
Net pension liability - PFRS	3,433	2,583
Total	$ 20,652	$ 20,537

FACTORS BEARING ON THE FUTURE OF THE CITY

INSERT INFORMATION

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, 2025

	Governmental Activities	Component Unit
ASSETS:		
CURRENT ASSETS:		
Cash	$ 8,206,389	$ 522,454
Restricted cash	1,451,748	34,628
Investment in certificates of deposit	-	350,000
LOSAP assets	292,635	-
Taxes receivable, net of allowance for doubtful accounts	1,900,246	-
Accounts receivable	1,251,596	13,110
Lease receivable, current	127,329	-
Loans receivable	105,801	-
Other receivables	111,732	
Due from other governments	1,855	-
State and federal aid receivable	6,265,786	-
Prepaid and other assets	179,576	-
Total current assets	19,894,693	920,192
NONCURRENT ASSETS:		
Lease receivable, net of current portion	1,689,443	-
Capital assets, net	799,120	-
Total noncurrent assets	2,488,563	-
Total assets	22,383,256	920,192
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources - ERS	1,045,870	-
Deferred outflows of resources - PFRS	2,482,417	-
Total deferred outflows of resources	3,528,287	-
Total assets and deferred outflows of resources	25,911,543	920,192
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	$ 1,948,015	$ 44,127
Other liabilities	287,647	8,843
Accrued expenses	28,304	-
Accrued interest	221,321	-
Due to employee retirement system	990,190	-
Due to other governments	1,749,730	-
Bond anticipation notes payable	7,560,000	-
Bonds payable, current portion	872,382	-
SBITA liability, current portion	69,562	
Installment purchase debt, current portion	130,000	-
Total current liabilities	13,857,151	52,970
LONG-TERM LIABILITIES:		
Bonds payable, net of current portion	13,084,233	-
Installment purchase debt, net of current portion	250,000	-
Compensated absences	1,056,259	-
SBITA liability	80,851	
Net pension liability - ERS	1,675,622	
Net pension liability - PFRS	3,433,397	-
Total long-term liabilities	19,580,362	-
Total liabilities	33,437,513	52,970
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources - leases	1,867,747	-
Deferred inflows of resources - ERS	223,608	-
Deferred inflows of resources - PFRS	136,575	-
Total deferred inflows of resources	2,227,930	-
Total liabilities and deferred inflows or resources	35,665,443	52,970
NET POSITION:		
Net investment in capital assets	(17,814,708)	-
Restricted	3,216,337	-
Unrestricted	4,844,471	867,222
TOTAL NET POSITION	$ (9,753,900)	$ 867,222

The accompanying notes are an integral part of these financial statements.

CITY OF HUDSON, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		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	$ 2,567,033	$ 195,039	$ 169,188	$ 50,000	$ (2,152,806)	$ -
Public safety	6,818,157	901,696	294,750	-	(5,621,711)	-
Health	14,531	-	-	-	(14,531)	-
Transportation	3,983,533	686,408	702,426	793,914	(1,800,785)	-
Economic assistance and opportunity	208,576	-	51,678	-	(156,898)	-
Culture and recreation	3,232,661	205,885	-	1,254,156	(1,772,620)	-
Home and community services	4,656,485	3,665,838	-	5,670	(984,977)	-
Interest	699,197	-	-	-	(699,197)	-
Total governmental activities	$ 22,180,173	$ 5,654,866	$ 1,218,042	$ 2,103,740	(13,203,525)	-
COMPONENT UNIT:						
Hudson Industrial Development Agency	$ 49,544	$ 414,365	$ -	$ -	-	364,821
GENERAL REVENUE:						
Real property taxes and tax items					6,132,202	-
Nonproperty tax items					3,522,588	-
General state aid					1,750,996	-
Sale of property and compensation for loss					381,386	-
Use of money and property					451,938	32,787
Miscellaneous					355,478	-
Total general revenue					12,594,588	32,787
Change in net position					(608,937)	397,608
Total net position - beginning of year					(9,144,963)	469,614
Total net position - end of year					$ (9,753,900)	$ 867,222

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Capital Projects Fund	Water Fund	Hudson Community Development and Planning Agency	Non-Major Funds	Total
ASSETS						
Cash	$ 2,591,207	$ 5,146,423	$ 56,762	$ 151,480	$ 260,517	$ 8,206,389
Restricted cash	623,921	-	-	-	827,827	1,451,748
LOSAP assets (restricted)	292,635	-	-	-	-	292,635
Due from other governments	1,855	-	-	-	-	1,855
State and federal aid receivable	731,535	5,534,251	-	-	-	6,265,786
Taxes receivable, net	1,900,246	-	-	-	-	1,900,246
Accounts receivable	276,871	-	497,450	-	477,275	1,251,596
Lease receivable	-	-	1,816,772	-	-	1,816,772
Loans receivable	-	-	-	105,801	-	105,801
Other receivables	-	-	-	111,732	-	111,732
Due from other funds	2,363,636	-	136,250	-	111,547	2,611,433
Prepaid and other assets	148,786	-	17,359	-	13,431	179,576
TOTAL ASSETS	$ 8,930,692	$ 10,680,674	$ 2,524,593	$ 369,013	$ 1,690,597	$ 24,195,569
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES:						
Accounts payable	$ 629,825	$ 761,540	$ 76,102	$ 283,605	$ 196,943	$ 1,948,015
Accrued liabilities	19,503	-	4,084	-	4,717	28,304
Due to employee retirement system	901,604	-	40,070	-	48,516	990,190
Other liabilities	287,647	-	-	-	-	287,647
Due to other governments	1,749,730	-	-	-	-	1,749,730
Due to other funds	238,365	1,863,636	-	-	509,432	2,611,433
Unearned revenue	50,975	-	-	-	-	50,975
Bond anticipation notes payable	-	7,560,000	-	-	-	7,560,000
Total liabilities	3,877,649	10,185,176	120,256	283,605	759,608	15,226,294
DEFERRED INFLOWS OF RESOURCES						
Property taxes	589,706	-	-	-	-	589,706
Deferred leases	-	-	1,816,772	-	-	1,816,772
Deferred revenue	-	-	-	112,532	-	112,532
Total deferred inflows of resources	589,706	-	1,816,772	112,532	-	2,519,010
FUND BALANCE:						
Nonspendable	148,786	-	17,359	-	13,431	179,576
Restricted	698,861	495,498	570,206	222,140	1,229,632	3,216,337
Assigned						
Designated for subsequent year's expenditures	385,629	-	-	-	-	385,629
Other	1,032,324	-	-	-	-	1,032,324
Unassigned	2,197,737	-	-	(249,264)	(312,074)	1,636,399
Total Fund Balance	4,463,337	495,498	587,565	(27,124)	930,989	6,450,265
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 8,930,692	$ 10,680,674	$ 2,524,593	$ 369,013	$ 1,690,597	$ 24,195,569

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
DECEMBER 31, 2025

Fund balance, governmental funds	$ 6,450,265
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	799,120
Pension related government-wide activity:	
Deferred outflows of resources - ERS	1,045,870
Deferred outflows of resources - PFRS	2,482,417
Net pension liability - ERS	(1,675,622)
Net pension liability - PFRS	(3,433,397)
Deferred inflows of resources - ERS	(223,608)
Deferred inflows of resources - PFRS	(136,575)
Long-term liabilities are not due and payable in the current period and are, therefore not reported in the funds:	
Bonds payable	(13,956,615)
Installment purchase debt	(380,000)
Compensated absences	(1,056,259)
Subscription liability	(150,413)
Accrued interest at December 31, 2025 is recorded in the government-wide statements under full accrual accounting	(221,321)
Deferral of property taxes levied in the current year and other deferred revenue is recognized as revenue under the accrual basis of accounting	702,238
Net position of governmental activities	$ (9,753,900)

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, 2025

	General Fund	Capital Projects Fund	Water Fund	Hudson Community Development and Planning Agency	Non-Major Funds	Total
REVENUES:						
Real property taxes and tax items	$ 6,233,177	$ -	$ -	$ -	$ -	$ 6,233,177
Nonproperty tax items	3,522,588	-	-	-	-	3,522,588
Departmental income	1,135,715	-	1,567,542	-	1,973,190	4,676,447
Use of money and property	180,184	42,778	200,291	7,056	21,629	451,938
Licenses and permits	367,453	-	-	-	-	367,453
Fines and forfeitures	610,966	-	-	-	-	610,966
Sale of property and compensation for loss	381,386	-	-	-	-	381,386
Miscellaneous	225,869	65,149	100	-	7,736	298,854
State aid	2,662,730	1,232,630	-	40,000	-	3,935,360
Federal aid	266,308	750,392	-	-	-	1,016,700
Total revenues	15,586,376	2,090,949	1,767,933	47,056	2,002,555	21,494,869
EXPENDITURES:						
General governmental support	1,911,881	11,290	109,626	-	84,413	2,117,210
Public safety	4,956,777	178,735	-	-	-	5,135,512
Public health	9,601	-	-	-	-	9,601
Transportation	1,809,482	1,799,991	-	-	-	3,609,473
Economic assistance and opportunity	4,438	-	-	204,138	-	208,576
Culture and recreation	1,505,879	1,262,866	-	-	-	2,768,745
Home and community services	395,610	788,632	918,103	-	1,836,471	3,938,816
Employee benefits	3,581,240	-	268,441	-	265,278	4,114,959
Debt Service						
Principal	724,961	-	303,614	-	215,241	1,243,816
Interest	612,170	-	7,800	-	129,786	749,756
Total expenditures	15,512,039	4,041,514	1,607,584	204,138	2,531,189	23,896,464
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	74,337	(1,950,565)	160,349	(157,082)	(528,634)	(2,401,595)
OTHER FINANCING SOURCES (USES):						
Premium from issuance of debt	56,624	-	-	-	-	56,624
BANs redeemed from appropriations	-	275,000	-	-	-	275,000
Proceeds from subscriptions	215,193	-	-	-	-	215,193
Operating transfers - in	-	251,464	-	-	384,432	635,896
Operating transfers - out	(501,464)	-	-	-	(134,432)	(635,896)
Total other financing sources (uses)	(229,647)	526,464	-	-	250,000	546,817
CHANGE IN FUND BALANCE	(155,310)	(1,424,101)	160,349	(157,082)	(278,634)	(1,854,778)
FUND BALANCE - beginning of year	4,618,647	1,919,599	427,216	129,958	1,209,623	8,305,043
FUND BALANCE - end of year	$ 4,463,337	$ 495,498	$ 587,565	$ (27,124)	$ 930,989	$ 6,450,265

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, 2025

Net changes in fund balance - Total governmental funds	$ (1,854,778)
Capital outlays, net of disposals, are expenditures in the governmental funds, but are capitalized in the statement of net position	477,192
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	113,549
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(131,624)
Compensated absences do not require the expenditure of current resources and are, therefore, are not reported as expenditures in the governmental funds	83,517
Proceeds from subscription liabilities are reported as other financing sources in the governmental funds, but are reported as liabilities in the statement of net position	(215,193)
Repayments of long-term debt, including subscriptions, are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	968,816
Accrued interest in the statement of activities does not require the expenditure of current resources and is, therefore, not recorded in the governmental funds	50,559
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	(100,975)
Change in net position - governmental activities	$ (608,937)

The accompanying notes are an integral part of these statements.

CITY OF HUDSON, NEW YORK

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2025

	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
FOR THE YEAR ENDED DECEMBER 31, 2025

	Custodial Funds
ADDITIONS:	
Property tax collections for other governments	$ 3,494,906
Total additions	3,494,906
DEDUCTIONS:	
Payments of property taxes to other governments	3,494,906
Total deductions	3,494,906
Change in net position	-
NET POSITION - beginning of year	-
NET POSITION - end of year	$ -

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

The City of Hudson, New York (City), is located on the western border of Columbia County, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted, 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.

Significant accounting principles and policies utilized by the City are described below:

Financial Reporting Entity
The financial reporting entity consists of a) the primary government (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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 City 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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 measurement focus of the governmental funds is upon determination of financial position and changes in financial position using the modified accrual basis of accounting.

The following are reported as 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 reported as 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.

- Miscellaneous Special Revenue Fund – The Miscellaneous Special Revenue Fund is used to account for cemetery and sidewalk maintenance operations of the City. The major revenues of this fund are departmental income and tax revenue.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Categories (Continued)

Fiduciary Fund
The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. These funds are used to account for assets held by the local government in a trustee or custodial capacity. The following are reported as the City's fiduciary funds:

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.

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. If expenditures are the primary factor for determining eligibility, revenues from state and federal grants are accrued when the expenditure is made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $1,424,282 allowance for uncollectible taxes based on collection history and a review of accounts by management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Length of Service Award Program (LOSAP)
The City sponsors a LOSAP program to provide retirement like benefits to those volunteering time and services pertaining to firefighting. The assets are held in trust in the name of the award program.

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 maintain complete records of capital assets, including land, buildings, improvements, machinery and equipment, and infrastructure. As a result, management has been unable to determine the complete amount of capital assets owned by the City or the related accumulated depreciation. Accordingly, capital asset balances reported in the government-wide financial statements may not include all capital assets owned by the City, and depreciation expense has not been fully determined or recorded. This represents a departure from accounting principles generally accepted in the United States of America.

Costs associated with the acquisition or construction of capital assets are reported as expenditures in the governmental fund financial statements in the period incurred. Capital assets are not reported in the governmental fund balance sheets.

Expenditures for repairs and maintenance that do not increase the value of an asset or materially extend its estimated useful life are reported as expenditures when incurred.

The City accounts for subscription-based information technology arrangements (SBITAs) in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The City recognizes a subscription asset and a corresponding subscription liability for SBITAs with an initial subscription term greater than one year. The City has not established a capitalization threshold for SBITAs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)
The subscription asset is initially measured as the amount of the subscription liability, adjusted for subscription payments made at or before commencement of the subscription term and capitalizable implementation costs. Subscription assets are reported with capital assets in the government-wide financial statements and are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying information technology asset. Amortization expense is reported with the functions to which the underlying information technology relates. SBITAs with an initial subscription term of one year or less are recognized as expenditures/expenses as payments are made.

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 $589,706 for real property taxes in the General Fund. These amounts are deferred and recognized as revenue in the period that the amount becomes available.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Under the provisions of GASB 101 – *Compensated Absences*, a liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and long-term liabilities. The City uses a last in first out flow assumption in determining leave accruals. 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balance Classifications (Continued)

Government-Wide Statements (Continued)

Restricted net position and fund balance includes the following:

General Fund		
LOSAP	$ 292,635	
Capital Reserve - Fire Truck	226,708	
Code Book	9,862	
Schroeder Loan	8,232	
Tourism board	4,750	
Other - Equitable Sharing	156,674	$ 698,861
Capital Projects Fund		495,498
Water		570,206
Sewer		428,650
Permanent Fund		
Perpetual Care		800,982
Hudson Community Development and Planning Agency		222,140
		$ 3,216,337

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025 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, 2025.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. GOING CONCERN HUDSON COMMUNITY DEVELOPMENT AND PLANNING AGENCY

Per the December 31, 2025 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. During 2022, the Agency entered into a purchase option agreement and expect to close on the sale during the year ended December 31, 2026.

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.

4. CASH

At December 31, 2025, 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	$ 9,731,137	$ 9,658,137
Collateralized with securities held by the financial institution's trust department or agent in the City's name	$ 8,981,137	
Covered by FDIC insurance	750,000	
Total	$ 9,731,137	

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	$ 133,478
Special reserves	84,532
Fire truck reserve	226,708
Other	179,203
	$ 623,921
Permanent fund:	$ 810,414
Cemetery fund:	$ 17,413

5. RECEIVABLES

Taxes receivable at December 31, 2025, consisted of the following:

City and County Taxes - Current and Overdue	$ 1,327,723
School District Taxes - Current and Overdue	1,542,983
Property Acquired for Taxes	453,822
	3,324,528
Allowance for Uncollectible Taxes	(1,424,282)
Total Taxes Receivable	$ 1,900,246

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 $589,706, which represents an estimate of the taxes receivable which will not be collected within the first sixty days of the subsequent year.

5. RECEIVABLES (Continued)

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.	$ 801
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
	$ 105,801

6. CAPITAL ASSETS

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

	January 01, 2025 Balance	Additions	Deletions	December 31, 2025 Balance
Governmental activities:				
Primary Government:				
Capital assets that are not depreciated:				
Buildings and land improvements	$ 453,552	$ -	$ -	$ 453,552
Total capital assets that are not depreciated	453,552	-	-	453,552
Intangible assets, being amortized				
Intangible right-to-use software arrangements	-	477,192	-	477,192
Total intangible assets, being amortized	-	477,192	-	477,192
Less accumulated amortization				
Intangible right-to-use software arrangements	-	131,624	-	131,624
Total accumulated amortization	-	131,624	-	$ 131,624
Total intangible assets being amortized, net	-	345,568	-	345,568
Total governmental activities capital assets, net	$ 453,552	$ 345,568	$ -	$ 799,120

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.

Amortization expense for the year ended December 31, 2025 was allocated to specific functions as follows:

	Amortization
General support	$ 49,303
Public safety	82,321
	$ 131,624

7. 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, 2025:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN - DRI/Hudson Connectivity Improvements	6/20/2025	4.50%	2,572,397	-	2,572,397	-
BAN - Ferry Street Bridge	6/20/2025	4.50%	4,950,000	-	4,950,000	-
BAN - General Obligations	6/18/2026	4.25%	-	7,560,000	-	7,560,000
			$ 7,522,397	$ 7,560,000	$ 7,522,397	$ 7,560,000

8. LONG-TERM LIABILITIES

The following table summarizes changes in the City's long-term liabilities for the year ended December 31, 2025:

	Beginning Balance	Increase	Decrease	Ending Balance	Due within One Year
Government activities					
Bonds and direct borrowing debt payable:					
General obligation debt:					
Serial bonds	$ 14,730,651	$ -	$ 774,036	$ 13,956,615	$ 872,382
Direct borrowing debt - installment purchase debt	510,000	-	130,000	380,000	130,000
Total bonds and direct borrowing debt payable	15,240,651	-	904,036	14,336,615	1,002,382
Other liabilities:					
Compensated absences	1,139,776	-	83,517	1,056,259	-
SBITA liability	-	215,193	64,780	150,413	69,562
Net pension liability - ERS	1,572,829	102,793	-	1,675,622	-
Net pension liability - PFRS	2,583,405	849,992	-	3,433,397	-
Total other liabilities	5,296,010	1,167,978	148,297	6,315,691	69,562
Total long-term liabilities	$ 20,536,661	$ 1,167,978	$ 1,052,333	$ 20,652,306	$ 1,071,944

Bonds and Installment Purchase Debt Payables

Bonds payable at December 31, 2025, is comprised of the following:

Description of Issue	Year of Issue	Original Balance	Interest Rate	Final Maturity	December 31, 2025
Water Filtration	2003	$ 6,800,000	0.00%	2032	$ 1,899,307
Water Filtration	2006	$ 1,000,000	0.00%	2036	414,708
Sewer Upgrade	2013	$ 4,968,647	0.00%	2043	2,982,600
Police Court Building	2014	$ 2,572,175	2.50%-4.00%	2040	1,825,000
Police Court Building #2	2016	$ 1,727,825	2.25%	2038	1,155,000
Public Improvement	2023	$ 2,066,943	3.00%-4.00%	2038	1,895,000
Public Improvement	2024	$ 3,840,463	4.00%	2044	3,785,000
	Total general obligation bonds payable				$ 13,956,615

8. LONG-TERM LIABILITIES (Continued)

Bonds and Installment Purchase Debt Payables (Continued)

Installment debt payable at December 31, 2025, is comprised of the following:

Description of Debt	Year of Issue	Original Balance	Interest Rate	Final Maturity	December 31, 2025
Fire House	2004	$ 3,815,000	Variable	2031	$ 380,000
	Total direct borrowing debt				$ 380,000

Below are the future maturities for all of the serial bonds and installment purchase debt outstanding at December 31, 2025:

	Bonds Payable			Direct Borrowing Debt		
Fiscal Year Ending December 31,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 872,382	$ 324,132	$ 1,196,514	$ 130,000	$ -	$ 130,000
2027	891,192	309,307	1,200,499	130,000	-	130,000
2028	915,001	293,550	1,208,551	120,000	-	120,000
2029	938,811	286,750	1,225,561	-	-	-
2030	962,620	258,875	1,221,495	-	-	-
2031-2035	4,291,009	996,325	5,287,334	-	-	-
2036-2040	3,543,500	445,075	3,988,575	-	-	-
2041-2044	1,542,100	85,900	1,628,000	-	-	-
	$ 13,956,615	$ 2,999,914	$ 16,956,529	$ 380,000	$ -	$ 380,000

Interest on all debt for the year was composed of:

Interest paid - long-term debt	$ 749,756
Less: Interest accrued in the prior year	(271,880)
Plus: Interest accrued in the current year	221,321
Total expense	$ 699,197

The City's outstanding installment purchase debt from direct borrowings related to governmental activities is $380,000 and is secured by the real property acquired under the debt agreement.

9. INTERFUND TRANSACTIONS

Interfund transactions for the period ended December 31, 2025 were as follows:

	Interfund Activity			
	Due From	Due To	Revenue	Expenditures
Governmental Funds:				
General	$ 2,363,636	$ 238,365	$ -	$ 501,464
Capital Projects	-	1,863,636	251,464	-
Water	136,250	-	-	-
Sewer	102,115	-	-	125,000
Miscellaneous Special Revenue	9,432	500,000	384,432	-
Permanent	-	9,432	-	9,432
Total Governmental Funds	$ 2,611,433	$ 2,611,433	$ 635,896	$ 635,896

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.

10. 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
2025	$ 521,654	$ 798,489
2024	$ 472,888	$ 750,142
2023	$ 337,341	$ 660,233

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

10. PENSION PLANS (Continued)

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, 2025, the City reported a liability of $1,675,622 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as April 1, 2024. 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, 2025, the City's proportion was 0.0097728%, which was a decrease of 0.0009092% from its proportion measured December 31, 2024.

For the year ended December 31, 2025, the City recognized pension expense of $335,933. At December 31, 2025, 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	$ 415,901	$ 19,619
Changes of assumptions	70,272	-
Net difference between projected and actual earnings on pension plan investments	131,465	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	36,908	203,989
Contributions subsequent to the measurement date	391,324	-
Total	$ 1,045,870	$ 223,608

An amount of $391,324 was 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, 2026.

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:	
2026	$ 244,164
2027	381,513
2028	(184,367)
2029	(10,372)
2030	-
Thereafter	-
	$ 430,938

10. PENSION PLANS (Continued)

New York State Employee Retirement System (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2025 was determined by using an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total pension liability to March 31, 2025. The actuarial valuation used the following actuarial assumptions:

Inflation:	2.90%
Salary scale:	4.3% ERS, 6.0% PFRS, indexed by service
Projected COLAs:	1.5% 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-2021
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, 2025 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	25%	3.54%
International Equity	14%	6.57%
Private Equity	15%	7.25%
Real Estate	12%	4.95%
Opportunistic/ARS Portfolio	3%	5.25%
Credit	4%	5.40%
Real Assets	4%	5.55%
Fixed Income	22%	2.00%
Cash	1%	0.25%
	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.

10. PENSION PLANS (Continued)

New York State Employee Retirement System (Continued)

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 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)	$ 4,849,462	$ 1,675,622	$ (974,536)

Pension Plan Fiduciary Net Position (in thousands)

The components of the current year's net pension liability of the employers as of March 31, 2025, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	$ 247,600,239
Net position	230,454,512
Net pension liability (asset)	$ 17,145,727
ERS net position as a percentage of total pension liability	93.08%

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, 2025, the City reported a liability of $3,433,397 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2024. 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, 2025, the City's proportion was 0.0564995%, which was an increase of 0.0020297% from its proportion measured December 31, 2024.

10. 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)

For the year ended December 31, 2025, the City recognized pension expense of $811,625. At December 31, 2025, 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	$ 1,143,617	$ -
Changes of assumptions	515,564	-
Net difference between projected and actual earnings on pension plan investments	131,969	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	92,400	136,575
Contributions subsequent to the measurement date	598,867	-
Total	$ 2,482,417	$ 136,575

An amount of $598,867 was 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, 2026.

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:	
2026	$ 870,302
2027	529,135
2028	28,550
2029	212,045
2030	106,943
Thereafter	-
	$ 1,746,975

Actuarial Assumptions

The total pension liability at March 31, 2025 was determined by using an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total pension liability to March 31, 2025. The actuarial valuation used the following actuarial assumptions:

Inflation:	2.90%
Salary scale:	4.3% ERS, 6.0% PFRS, indexed by service
Projected COLAs:	1.5% 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-2021
Investment Rate of Return:	5.9% compounded annually, net of investment expenses

10. PENSION PLANS (Continued)

New York State and Local Police and Fire Retirement System (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, 2025 in the following table:

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	25%	3.54%
International Equity	14%	6.57%
Private Equity	15%	7.25%
Real Estate	12%	4.95%
Opportunistic/ARS Portfolio	3%	5.25%
Credit	4%	5.40%
Real Assets	4%	5.55%
Fixed Income	22%	2.00%
Cash	1%	0.25%
	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 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)	$ 7,239,464	$ 3,433,397	$ 292,037

10. PENSION PLANS (Continued)

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

Pension Plan Fiduciary Net Position (thousands)

The components of the current-year net pension liability of the employers as of March 31, 2025, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	$ 48,718,477
Net position	42,641,620
Net pension liability (asset)	$ 6,076,857
ERS net position as a percentage of total pension liability	87.53%

11. LENGTH OF SERVICE AWARD PROGRAM

Program Description

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.

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.

11. LENGTH OF SERVICE AWARD PROGRAM (Continued)

Participating Vesting and Service Credit (Continued)
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.

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.

11. LENGTH OF SERVICE AWARD PROGRAM (Continued)

Fiduciary Investment and Control (Continued)
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.

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		$ 292,635
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		$ 292,635
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		$ 248,036
Changes during the year:		
Plan Contributions	20,783	
Interest earned for prior service liability	-	
Change in contribution receivable	-	
Changes in fair market value of investments	-	
Investment income loss	29,859	
Investment fees	(3,432)	
Benefits paid/payable	(2,611)	44,599
Plan Net Assets, end of year		$ 292,635

Contributions

Contribution recommended by actuary	$ 20,783
Actual contribution made by the Sponsor	$ 20,783

Administration Fees

Fees paid to administrative/actuarial services provider	$ 2,336
Fees paid for investment management	$ 1,096

12. 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, 2025:

Agreement	Assessed Value	Tax Rate	Tax Value	PILOT Received	City Tax Abated
Columbia County IDA	$ 4,900,000	7.601436	$ 37,247	$ 24,541	$ 12,706
Hudson IDA	$ 19,860,000	7.601436	$ 150,965	107,835	43,130
City of Hudson	$ 21,680,000	7.601436	$ 164,799	65,728	99,071
				$ 198,104	$ 154,907

13. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITAs)

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	19	4.00%	$ 2,400,000

Activity of lease inflows for the year ended December 31, 2025 is summarized as follows:

Lease-related Revenue	Year Ending December 31, 2025
Lease Revenue	
Land	$ 122,432
Total Lease Revenue	122,432
Interest Revenue	77,568
Total	$ 200,000

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

	Principal	Interest	Total
2026	$ 127,329	$ 72,671	$ 200,000
2027	132,422	67,578	200,000
2028	137,719	62,281	200,000
2029	143,228	56,772	200,000
2030	148,957	51,043	200,000
2031-2035	526,911	173,089	700,000
2036-2040	411,597	88,404	500,001
2041-2042	188,609	11,390	199,999
	$ 1,816,772	$ 583,228	$ 2,400,000

13. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITAs) (Continued)

Subscription-Based Information Technology Arrangements (SBITAs)

During the year ended December 31, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITA)*. GASB Statement No. 96 establishes requirements for recognition of an intangible right-of-use subscription asset and a corresponding subscription liability if certain criteria are met. A SBITA is defined as a contract that conveys control of the right to use another party's information technology (IT) software, as specified in the contract for period of time in an exchange or exchange-like transaction. These changes were incorporated in the City's financial statements and had no effect on the beginning net position of the governmental activities.

An amount of $477,192 has been recorded as intangible right-to-use software arrangements in the government-wide capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for transportation software met the criteria of a SBITA; thus requiring it to be recorded by the School District as intangible assets and a SBITA liability. These assets will be amortized over the lease terms of three years. SBITA arrangements are summarized as follows:

Description	Interest Rate/ Discount Rate	Total SBITA Liability
Springbrook Cirrus Accounting Software Subscription	4.25%	$ 65,613
Tyler Technologies Police Software Subscription	4.25%	84,800
		$ 150,413

Activity of SBITA liabilities for the year ended December 31, 2025 is summarized as follows:

Beginning Balance	Additions	Subtractions	Ending Balance	Amount due within One Year
$ -	$ 215,193	$ 64,780	$ 150,413	$ 69,562

Annual requirements to amortize long-term obligations and related interest are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2026	$ 69,562	$ 5,174	$ 74,736
2027	71,300	3,436	74,736
2028	9,551	406	9,957
	$ 150,413	$ 9,016	$ 159,429

14. COMMITMENTS AND CONTINGENCIES

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.

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.

Grants

The City has received various 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.

Commitments

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

Option Agreement with Hudson Housing Authority

During the year ended December 31, 2022, Hudson Community Development and Planning Agency (seller) entered into an exclusive option agreement to sell real estate with the City of Hudson Housing Authority (purchaser). For a payment amount of $25,000, purchaser received an exclusive option from the seller to purchase some or all of the properties in order to further its mission to provide affordable housing to qualified individuals. The initial period is good for one year, but the purchaser has the option to extend for two (2) additional consecutive periods. For each one-year extension the purchaser is required to pay an additional $25,000 to exercise said option. The purchase price for any properties under this option agreement shall be 50% of the fair market value for such properties.

If the option is exercised as to only a portion of the properties and not terminated as to the remainder so that any of the properties remain subject to the option, none of the option price is applied to the purchase price. If the option is exercised and any remaining properties released, in the first year of the option 90% of the option payment is applied toward the purchase price at closing, in the first year of renewal 75%, of the $25,000 additional option payment shall be applied toward the purchase price at closing and in the third year, 50% of the second $25,000 additional option payment for that renewal shall be applied towards the purchase price at closing.

In March 2025, the purchaser and the Agency entered into a purchase agreement. The agreement is for the purchaser to exercise the option for a portion of the properties ("Columbia Street Parcel" and "Warren Street Parcel") subject to the option agreement. The purchaser paid consideration, to be applied as a down payment, of $10,000 for each parcel ($20,000 total) and terminated its option to purchase the remaining properties. The purchase and sale of the two parcels are separate and independent transactions.

14. COMMITMENTS AND CONTINGENCIES (Continued)

Option Agreement with Hudson Housing Authority (Continued)
The Columbia Street Parcel is intended to be developed as affordable housing as part of a larger redevelopment effort of the City of Hudson Housing Authority's portfolio, financed with construction financing that has not yet been secured. The closing of the sale of the Columbia Street Parcel was expected to occur on or before December 31, 2025. However, the agreement allowed the Agency to extend the closing date to December 31, 2026 if on or before December 31, 2025, reasonable efforts have been made toward securing construction financing for the development of the Columbia Street Parcel as affordable housing. The purchaser demonstrated a reasonable effort had been made towards securing construction financing and therefore, the closing date was extended to December 31, 2026 during 2025.

The Warren Street Parcel relies on the availability of funds provided by the closing of construction financing for the Columbia Street Parcel. Therefore, the closing of the Warren Street Parcel will follow the same timing as the Columbia Street Parcel.

At closing the purchaser will be credited with the down payment ($20,000), $18,750 (75% of the additional option payment made in 2023, and $18,750 (75% of the additional option payment made in 2024 for the extension through December 31, 2025) for a total of $57,500 of credits to the purchaser. Under the original terms of the option agreement, only 50% of the 2nd extension was to be applied to the purchase, however, was negotiated to be 75% of the two most recent option payments in the purchase agreement. The purchase price has yet to be determined but will be 50% of the fair market value of the properties, per the original option agreement. The purchase price will be determined by an updated appraisal, the cost of which will be split between the purchaser and the Agency. As of December 31, 2025, $222,500 continues to be presented as a loss contingency liability related to the sale of the two properties under this agreement. This agreement was considered by the Agency to fall under the standards GASB 62 as a loss contingency. As of December 31, 2025, the contingent liability recorded is $222,500. There were no adjustments to the contingent liability during 2025.

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.

15. DISCRETELY PRESENTED COMPONENT UNIT (Continued)

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.

16. SUBSEQUENT EVENTS

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

- Bond anticipation note - $5,415,000; 3.55% interest, issued June 17, 2026; maturity date June 17, 2027. The proceeds of the notes along with $2,145,000 of City funds were used to redeem $7,560,000 bond anticipation notes maturing June 18, 2026.

- Serial Bond - $779,812; 3.79% interest, issued June 17, 2026; maturity date June 1, 2046. The proceeds of the bond will provide $779,812 of new money for a pumper truck purchase.

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, 2025

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Real property taxes and tax items	$ 6,144,434	$ 6,144,434	$ 6,233,177	$ -	$ 88,743
Nonproperty tax items	3,522,000	3,522,000	3,522,588	-	588
Departmental income	1,049,504	1,351,434	1,135,715	-	(215,719)
Use of money and property	123,191	123,191	180,184	-	56,993
Licenses and permits	471,675	471,675	367,453	-	(104,222)
Fines and forfeitures	485,000	485,000	610,966	-	125,966
Sale of property and compensation for loss	377,000	377,000	381,386	-	4,386
Miscellaneous local sources	70,200	183,882	225,869	-	41,987
State aid	2,872,627	7,079,232	2,662,730	-	(4,416,502)
Federal aid	22,000	22,000	266,308	-	244,308
Total revenue	15,137,631	19,759,848	15,586,376	-	(4,173,472)
EXPENDITURES:					
General governmental support	1,736,037	2,047,531	1,911,881	66,066	69,584
Public safety	4,478,280	4,723,402	4,956,777	43,252	(276,627)
Public health	5,759	11,038	9,601	-	1,437
Transportation	2,145,552	6,191,293	1,809,482	439,668	3,942,143
Economic assistance and opportunity	4,500	4,500	4,438	-	62
Culture and recreation	1,449,663	2,208,678	1,505,879	356,288	346,511
Home and community services	423,200	406,004	395,610	1,700	8,694
Employee benefits	3,844,948	3,785,511	3,581,240	414	203,857
Debt service - principal	660,181	660,181	724,961	-	(64,780)
Debt service - interest	612,173	612,173	612,170	-	3
Total expenditures	15,360,293	20,650,311	15,512,039	907,388	4,230,884
EXCESS OF REVENUES OVER EXPENDITURES	(222,662)	(890,463)	74,337	(907,388)	57,412
OTHER FINANCING SOURCES (USES):					
Premium from issuance of debt	25,000	25,000	56,624	-	31,624
Proceeds from subscriptions	-	-	215,193	-	215,193
Operating transfers out	(611,585)	(862,985)	(501,464)	(124,936)	236,585
Total other financing sources (uses)	(586,585)	(837,985)	(229,647)	(124,936)	483,402
NET CHANGE IN FUND BALANCE	(809,247)	(1,728,448)	(155,310)	(1,032,324)	540,814
FUND BALANCE - beginning of year	4,618,647	4,618,647	4,618,647	-	-
FUND BALANCE - end of year	$ 3,809,400	$ 2,890,199	$ 4,463,337	$ (1,032,324)	$ 540,814

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, 2025

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	$ 1,431,350	$ 1,431,350	$ 1,567,542	$ -	$ 136,192
Use of money and property	200,238	200,238	200,291	-	53
Licenses and permits	2,000	2,000	-	-	(2,000)
Licenses and permits	-	-	100	-	100
Total revenue	1,633,588	1,633,588	1,767,933	-	134,345
EXPENDITURES:					
General governmental support	113,008	116,276	109,626	-	6,650
Home and community services	996,849	991,649	918,103	-	73,546
Employee benefits	212,317	284,517	268,441	-	16,076
Debt service - principal	303,614	303,614	303,614	-	-
Debt service - interest	7,800	7,800	7,800	-	-
Total expenditures	1,633,588	1,703,856	1,607,584	-	96,272
CHANGE IN FUND BALANCE	-	(70,268)	160,349	-	230,617
FUND BALANCE - beginning of year	427,216	427,216	427,216	-	-
FUND BALANCE - end of year	$ 427,216	$ 356,948	$ 587,565	$ -	$ 230,617

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, 2025

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	$ 1,643,000	$ 1,768,000	$ 1,825,662	$ -	$ 57,662
Use of money and property	400	400	176	-	(224)
Total revenue	1,643,400	1,768,400	1,825,838	-	57,438
EXPENDITURES:					
General governmental support	53,008	56,276	56,276	-	-
Home and community services	1,121,834	1,173,834	1,153,588	-	20,246
Employee benefits	123,531	130,281	127,267	-	3,014
Debt service - principal	215,241	215,241	215,241	-	-
Debt service - interest	129,786	129,786	129,786	-	-
Total expenditures	1,643,400	1,705,418	1,682,158	-	23,260
EXCESS OF REVENUES OVER EXPENDITURES	-	62,982	143,680	-	80,698
OTHER FINANCING SOURCES:					
Operating transfers - out	-	(125,000)	(125,000)	-	-
Total other financing sources	-	(125,000)	(125,000)	-	-
NET CHANGE IN FUND BALANCE	-	(62,018)	18,680	-	80,698
FUND BALANCE - beginning of year	412,758	412,758	412,758	-	-
FUND BALANCE - end of year	$ 412,758	$ 350,740	$ 431,438	$ -	$ 80,698

CITY OF HUDSON, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MISCELLANEOUS SPECIAL REVENUE FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUE:					
Departmental income	$ 122,350	$ 122,350	$ 147,528	$ -	$ 25,178
Use of money and property	11,750	11,750	12,022	-	272
Miscellaneous sources	2,000	2,000	1,800	-	(200)
Total revenue	136,100	136,100	161,350	-	25,250
EXPENDITURES:					
General government support	26,505	28,137	28,137	-	-
Home and community services	356,741	356,741	682,883	-	(326,142)
Employee benefits	139,439	145,939	138,011	-	7,928
Total expenditures	522,685	530,817	849,031	-	(318,214)
EXCESS OF REVENUES OVER EXPENDITURES	(386,585)	(394,717)	(687,681)	-	(292,964)
OTHER FINANCING SOURCES:					
Operating transfers in	386,585	386,585	384,432	-	(2,153)
Total other financing sources (uses)	386,585	386,585	384,432	-	(2,153)
NET CHANGE IN FUND BALANCE	-	(8,132)	(303,249)	-	(295,117)
FUND BALANCE - beginning of year	1,818	1,818	1,818	-	-
FUND BALANCE - end of year	$ 1,818	$ (6,314)	$ (301,431)	$ -	$ (295,117)

CITY OF HUDSON, NEW YORK

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

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.0097728%	0.0106820%	0.0107931%	0.0098731%	0.0089720%	0.0079228%	0.0083376%	0.0077186%	0.0081201%	0.0085386%
Proportionate share of the net pension liability (asset)	$ 1,676	$ 1,573	$ 2,314	$ (807)	$ 9	$ 2,098	$ 591	$ 249	$ 763	$ 1,370
Covered-employee payroll	$ 3,540	$ 3,254	$ 2,926	$ 2,845	$ 2,611	$ 2,370	$ 2,224	$ 2,248	$ 2,450	$ 2,208
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.33%	48.34%	79.08%	-28.37%	0.34%	88.52%	26.57%	11.08%	31.15%	62.05%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.0564995%	0.0544698%	0.0583354%	0.0554073%	0.0594163%	0.0613717%	0.0624145%	0.0591590%	0.0586180%	0.0612260%
Proportionate share of the net pension liability (asset)	$ 3,433	$ 2,583	$ 3,215	$ 315	$ 1,032	$ 3,280	$ 1,047	$ 1,215	$ 1,215	$ 1,813
Covered-employee payroll	$ 2,402	$ 2,397	$ 2,354	$ 2,248	$ 2,233	$ 2,254	$ 2,167	$ 2,078	$ 2,420	$ 1,892
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	142.94%	107.76%	136.58%	14.01%	46.22%	145.52%	48.32%	58.45%	50.21%	95.81%
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.53%	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%

CITY OF HUDSON, NEW YORK

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

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 522	$ 473	$ 337	$ 285	$ 386	$ 316	$ 306	$ 230	$ 308	$ 328
Contributions in relation to the contractually required contribution	522	473	337	285	386	316	306	230	308	328
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 3,540	$ 3,254	$ 2,926	$ 2,845	$ 2,611	$ 2,370	$ 2,224	$ 2,248	$ 2,450	$ 2,208
Contributions as a percentage of covered-employee payroll	14.75%	14.54%	11.52%	10.02%	14.78%	13.33%	13.76%	10.22%	12.58%	14.85%

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 798	$ 750	$ 660	$ 605	$ 622	$ 534	$ 473	$ 355	$ 447	$ 455
Contributions in relation to the contractually required contribution	798	750	660	605	622	534	473	355	447	455
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 2,402	$ 2,397	$ 2,354	$ 2,248	$ 2,233	$ 2,254	$ 2,167	$ 2,078	$ 2,420	$ 1,892
Contributions as a percentage of covered-employee payroll	33.22%	31.29%	28.04%	26.91%	27.85%	23.69%	21.83%	17.07%	18.47%	24.05%

SUPPLEMENTARY INFORMATION

CITY OF HUDSON, NEW YORK

STATEMENT OF NET POSITION - DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 2025

	Hudson Industrial Development Agency
ASSETS	
Cash and cash equivalents:	
Unrestricted	$ 522,454
Restricted	34,628
Investment in certificates of deposit	350,000
Accounts Receivable	13,110
Total assets	920,192
LIABILITIES	
Accounts payable	44,127
Other liabilities - escrow	8,843
Total liabilities	52,970
NET POSITION	
Unrestricted	867,222
Total net position	$ 867,222

The accompanying notes are an integral part of these financial statements.

CITY OF HUDSON, NEW YORK

STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Hudson Industrial Development Agency
FUNCTIONS/PROGRAM EXPENSES	
Economic assistance and opportunity	$ 49,544
Total functions/program expenses	49,544
GENERAL REVENUES	
Charges for services	414,365
Use of money and property	32,787
Total general revenues	447,152
Change in net position	397,608
Total net position - beginning of year	469,614
Total net position - end of year	$ 867,222

The accompanying notes are an integral part of these financial statements.

CITY OF HUDSON, NEW YORK

STATEMENT OF CASH FLOWS - DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Hudson Industrial Development Agency
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from lease income	$ 16,310
Receipts from other charges for services	409,898
Payments for project escrows	(217,280)
Net cash flows from operating activities	208,928
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	8,749
Purchase of certificates of deposit	(350,000)
Net cash flows provided by investing activities	(341,251)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(132,323)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	689,405
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 557,082
RECONCILIATION OF CHANGES IN NET POSITION TO CASH FROM OPERATIONS	
Change in Net position	$ 381,131
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	(4,467)
Accounts payable	32,472
Accrued liabilities	(194,808)
Other liabilities	(5,400)
	(172,203)
Net cash from operating activities	$ 208,928

The accompanying notes are an integral part of these financial statements.

CITY OF HUDSON, NEW YORK

SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue Funds			
	Sewer Fund	Miscellaneous Special Revenue Fund	Permanent Fund	Total
ASSETS				
Cash	$ 49,009	$ 211,508	$ -	$ 260,517
Restricted cash	-	17,413	810,414	827,827
Accounts receivable	477,275	-	-	477,275
Due from other funds	102,115	9,432	-	111,547
Loans receivable				-
Other receivables	-	-		-
Prepaid and other assets	2,788	10,643	-	13,431
TOTAL ASSETS	$ 631,187	$ 248,996	$ 810,414	$ 1,690,597
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	$ 177,830	$ 19,113	$ -	$ 196,943
Accrued liabilities	2,656	2,061	-	4,717
Due to employee retirement system	19,263	29,253	-	48,516
Due to other funds	-	500,000	9,432	509,432
Total liabilities	199,749	550,427	9,432	759,608
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCE:				
Nonspendable	2,788	10,643	-	13,431
Restricted	428,650	-	800,982	1,229,632
Unassigned	-	(312,074)	-	(312,074)
Total Fund Balance	431,438	(301,431)	800,982	930,989
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOUF	$ 631,187	$ 248,996	$ 810,414	$ 1,690,597

CITY OF HUDSON, NEW YORK

SCHEDULE OF COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERN
FOR THE YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds			
	Sewer Fund	Miscellaneous Special Revenue Fund	Permanent Fund	Total
REVENUES:				
Departmental income	$ 1,825,662	$ 147,528	$ -	$ 1,973,190
Use of money and property	176	12,022	9,431	21,629
Miscellaneous	-	1,800	5,936	7,736
State Aid	-	-	-	-
Total revenues	1,825,838	161,350	15,367	2,002,555
EXPENDITURES:				
General government support	56,276	28,137	-	84,413
Economic assistance and opportunity	-	-	-	-
Home and community services	1,153,588	682,883	-	1,836,471
Employee benefits	127,267	138,011	-	265,278
Debt Service				
Principal	215,241	-	-	215,241
Interest	129,786	-	-	129,786
Total expenditures	1,682,158	849,031	-	2,531,189
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	143,680	(687,681)	15,367	(528,634)
OTHER FINANCING SOURCES (USES):				
Operating transfers - in	-	384,432	-	384,432
Operating transfers - out	(125,000)	-	(9,432)	(134,432)
Total other financing sources (uses)	(125,000)	384,432	(9,432)	250,000
CHANGE IN FUND BALANCE	18,680	(303,249)	5,935	(278,634)
FUND BALANCE - beginning of year, as previously reported	412,758	1,818	795,047	1,209,623
Adjustment - changes from major fund to nonmajor fund	-	-	-	-
FUND BALANCE - beginning of year, as adjusted	412,758	1,818	795,047	1,209,623
FUND BALANCE - end of year	$ 431,438	$ (301,431)	$ 800,982	$ 930,989

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

Bonadio & Co., LLP
Accounting, Consulting & More

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*

September 28, 2026

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2026.

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 not record other postemployment benefits (OPEB), capital assets or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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 that are required to be reported under *Government Auditing Standards.*

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.

Bonadio & Co. LLP