

**CITY OF HUDSON  
LENAWEE COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2022**

**CITY OF HUDSON  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2022**

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*- Certified Public Accountant -*

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**November 17, 2022**

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

## **INDEPENDENT AUDITOR'S REPORT**

### **Opinion**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hudson, Michigan as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hudson, Michigan as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Members Of The Village Council  
Honorable Mayor and Members  
of the City Council  
City of Hudson  
November 17, 2022**

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Respectfully Submitted,**



**Brent D. Shea, CPA**

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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**Using This Annual Report**

As management of City of Hudson, Michigan, we offer readers of City of Hudson, Michigan's these financial statements. This narrative overview and analysis of the financial activities of City of Hudson, Michigan is for the fiscal year ended June 30, 2022.

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

**Financial Highlights**

The assets of the City of Hudson, Michigan exceeded its liabilities at the end of the fiscal year by \$9,860,594 (net position). The City had a balance of unrestricted funds of \$1,197,576 at the end of the year.

The City's total net position increased by \$433,679, governmental activities decreased by \$134,757 and business-type activities increased by \$568,436. Government activities decreased over the prior year, due to revenues increasing by \$715,583, and expenditures increasing by \$685,426.

Business activities increased in the current year by \$568,436 compared to the prior year decrease of \$366,512.

**Overview Of The Financial Statements**

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

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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Both of the government-wide financial statements distinguish functions of City of Hudson, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of City of Hudson, Michigan include general government, public safety, recreation and culture, public works, community and economic development and other functions. The business-type activity of City of Hudson, Michigan includes the water and sewer system.

The government-wide financial statements can be found on (pages 14-16) of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. City of Hudson, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of City of Hudson, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the Sewer Fund and Water Fund shown as the (Utilities Fund) which is considered to be major funds of City of Hudson, Michigan.

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



**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement of some times that will only result in cash flows in future fiscal periods.

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

#### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets of the City exceeded the liabilities by \$9,860,594 at the end of the fiscal year.

By far the largest portion of the City's net position (82.8%) reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure); less any related debt used to acquire these assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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**CITY OF HUDSON, MICHIGAN NET POSITION**

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$1,657,778	\$1,152,505
Capital Assets	<u>7,022,549</u>	<u>7,400,546</u>
<b>Total Assets</b>	<u>8,680,327</u>	<u>8,553,051</u>
<b><u>Liabilities</u></b>		
Long-Term Liabilities Outstanding	1,377,001	619,555
Other Liabilities	<u>160,622</u>	<u>656,035</u>
<b>Total Liabilities</b>	<u>1,537,623</u>	<u>1,275,590</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Related Debt	5,706,946	6,530,367
Restricted	493,569	824,590
Unrestricted (Deficit)	<u>942,189</u>	<u>(77,496)</u>
<b>Total Net Position</b>	<u>\$7,142,704</u>	<u>\$7,277,461</u>

	<u>Business Activities</u>	
	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 297,019	\$ 203,931
Capital Assets	<u>6,954,168</u>	<u>7,234,316</u>
<b>Total Assets</b>	<u>7,251,187</u>	<u>7,438,247</u>
<b><u>Liabilities</u></b>		
Long-Term Liabilities Outstanding	4,491,665	4,816,665
Other Liabilities	<u>41,632</u>	<u>472,128</u>
<b>Total Liabilities</b>	<u>4,533,297</u>	<u>5,321,525</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Related Debt	2,462,503	2,417,651
Restricted	---	---
Unrestricted (Deficit)	<u>255,387</u>	<u>(268,197)</u>
<b>Total Net Position</b>	<u>\$2,717,890</u>	<u>\$2,419,454</u>

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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**CITY OF HUDSON, MICHIGAN NET POSITION**

	<u>Governmental Activities</u>	
<u>Revenue</u>	<u>2022</u>	<u>2021</u>
Program Revenue:		
Charges for Services	\$1,486,410	\$1,192,011
Operating Grants and Contributions	653,687	471,387
Capital Grants and Contributions	235,571	19,091
General Revenue:		
Property Taxes/Special Assessments	1,276,513	1,282,849
Grants and Contributions Not Restricted To Specific Program	336,670	308,512
Earnings and Rentals	<u>28,609</u>	<u>28,027</u>
<b>Total Revenue</b>	<u>4,017,460</u>	<u>3,301,877</u>
 <u>Expenses</u>		
General Government	961,157	839,485
Public Safety	1,214,827	1,314,316
Public Works	1,075,355	1,020,648
Community and Economic Development	355	113
Recreation and Culture	67,482	69,131
Interest on Long-Term Debt	20,194	20,781
Other Functions	117,215	181,067
Interfund Transfers	<u>695,632</u>	<u>35,000</u>
<b>Total Expenses</b>	<u>4,152,217</u>	<u>3,480,541</u>
 <b>Increase (Decrease) In Net Position</b>	 (134,757)	 (178,664)
<b>Net Position Beginning of Year</b>	<u>7,277,461</u>	<u>7,456,125</u>
<b>Net Position End of Year</b>	<u>\$7,142,704</u>	<u>\$7,277,461</u>

The City's unrestricted net position of governmental activities reflected a balance of \$942,189 at the end of the fiscal year. The amount invested in capital assets, net of related debt for government activities amounted to a balance of \$5,706,946.

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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**CITY OF HUDSON, MICHIGAN NET POSITION**

	<u><b>Business-Type Activities</b></u>	
<u><b>Revenue</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>
Program Revenue:		
Charges for Services	\$1,164,679	\$ 726,507
General Revenue:		
Interest Income	22	---
Grants - State	<u>32,551</u>	<u>---</u>
<b>Total Revenue</b>	<u>1,197,252</u>	<u>726,507</u>
 <u><b>Expenses</b></u>		
Interest on Long-Term Debt	91,796	99,794
Utilities Expenses	<u>1,232,652</u>	<u>1,028,225</u>
<b>Total Expenses</b>	<u>1,324,448</u>	<u>1,128,019</u>
 <b>(Decrease) In Net Position Before Transfers</b>	 (127,196)	 (401,512)
<b>Transfers In</b>	<u>695,632</u>	<u>35,000</u>
<b>Increase (Decrease) In Net Position</b>	568,436	(366,512)
<b>Net Position Beginning of Year</b>	<u>2,149,454</u>	<u>2,515,966</u>
<b>Net Position End of Year</b>	<u>\$2,717,890</u>	<u>\$2,149,454</u>

A portion of the City of Hudson, Michigan's net position for business-type activities of \$2,462,503 represents resources that are invested in capital assets, net of related debt. The City's business-type activities show an unrestricted fund balance of \$255,387.

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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**CITY OF HUDSON, MICHIGAN NET POSITION**

	<u>Component Unit Activities</u>	
	<u>DDA</u> <u>2022</u>	<u>DDA</u> <u>2021</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 10,700	\$ 7,241
Capital Assets	<u>300,469</u>	<u>316,177</u>
<b>Total Assets</b>	<b><u>\$311,169</u></b>	<b><u>\$323,418</u></b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 33	\$ 33
Deferred Revenue	<u>400</u>	<u>400</u>
<b>Total Liabilities</b>	<b><u>433</u></b>	<b><u>433</u></b>
<b><u>Net Position</u></b>		
Invested in Capital Assets	300,469	316,177
Unrestricted	<u>10,267</u>	<u>6,808</u>
<b>Total Net Position</b>	<b><u>\$310,736</u></b>	<b><u>\$322,985</u></b>
<b><u>Revenue</u></b>		
Community Development:		
Miscellaneous Income	\$ 4	\$ ---
Rental Income	4,800	4,400
Interest Income	<u>1</u>	<u>---</u>
<b>Total Revenue</b>	<b><u>4,805</u></b>	<b><u>4,440</u></b>
<b><u>Expenses</u></b>		
Expenditures	<u>17,054</u>	<u>17,397</u>
<b>Total Expenses</b>	<b><u>17,054</u></b>	<b><u>17,397</u></b>
<b>Increase (Decrease) in Net Position</b>	(12,249)	(12,997)
<b>Net Position Beginning of Year</b>	<u>322,985</u>	<u>335,982</u>
<b>Net Position End of Year</b>	<b><u>\$310,736</u></b>	<b><u>\$322,985</u></b>

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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**Government Activities**

Governmental activities decreased the City's net position by \$134,757 in the current fiscal year; by comparison, in the prior year, governmental activities net position decreased by \$178,644.

Key elements in the change of the current year:

- Decrease in tax revenues of \$6,336.
- Decrease in expenditures for public safety of \$99,489.
- Increase in program revenue of \$693,179.

**Business-Type Activities**

As mention under the financial highlights above the business-type activities increased by \$568,436 in the current fiscal year; by comparison, in the prior year, business-type activities net position decreased by \$366,512.

Key elements for change include:

- Transfer in to support operations increased by \$660,632.
- Increase in expenditures of \$196,429
- Increase in charges for services of \$438,172.
- Interest expense decreased by \$7,998.

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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**Financial Analysis of City's Funds**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,263,423, a decrease of \$728,257, in comparison to the prior year. Approximately 37.99% of this total amount is unassigned fund balances, which is available for spending at the City's discretion.

The General Fund reported an increase in fund balance of \$161,357 over the prior year, resulting in an unassigned fund balance of \$367,840. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 17.6% of the total general fund expenditures and transfers out.

The increase is mostly attributable to an increase in state shared revenue of \$55,408 and an increase in charges for services of \$244,207.

The Ambulance Fund reported an increase in fund balance of \$168,434 over the prior year. Charges for services increased by \$108,987 and public safety expenditures decreased by \$63,861. The fund balance ended at \$149,432.

The Income Tax Fund reported an increase in fund balance of \$82,709. Revenues decreased by \$2,953, while general governmental expenses decreased by \$47,663. The fund balance ended at \$99,371.

The Major Street Fund reported an increase in fund balance of \$160,784. Revenues from grants increased \$22,562 and public works expenditures increased by \$19,984. The fund balance ended at \$174,974.

The Local Street Fund reported an increase in fund balance of \$33,673. Revenue increased by \$7,179 and expenditures increased by \$23,718. The fund balance ended at \$112,892.

The Fire Fund reported an increase in the fund balance of \$48,919. Expenditures decreased by \$14,075 and transfers in increased by \$54,276. The ending fund balance was \$99,511.

**CITY OF HUDSON, MICHIGAN**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2022**

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**Proprietary Fund**

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

Unrestricted net position of the utilities funds at the end of the year amounted to \$220,032 for the current fiscal year and (\$300,729) for the prior year. The utilities fund had an increase in total net position for the year of \$565,613. Most of the increase is because of an increase in transfers in.

**General Fund Budgetary Highlights**

The original budget called for a decrease in fund balance of \$211,824. The amended budget was for a decrease in fund balance of \$119,134 (See pages 45-46).

For the fiscal year of 2022, the budgetary estimate for the net change in fund balance was a decrease of \$119,134; the actual was an increase of \$161,357 for a total variance from the budget of \$280,491.

**Capital Assets And Debt Administration**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounted to \$13,976,717 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in the City's investment in capital assets for the current year was \$220,769. See (page 35) for types of capital assets purchased.

**Economic Factors And Next Year's Budget And Rates**

The City's budget for 2022-2023 year has taken inconsideration, the economic condition and its effect on revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses.

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

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

**Contacting The City's Management**

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



**CITY OF HUDSON, MICHIGAN**  
**Government-wide Statement of Net Position**  
**For The Year Ended June 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b><u>Assets</u></b>				
Cash and Equivalents	\$1,322,473	\$ 148,695	\$ 1,471,168	\$ 10,700
Investments	32,677	---	32,677	---
Receivables - Net	286,626	134,256	420,882	---
Inventory	3,951	14,068	18,019	---
Prepaid Items and Other Assets	12,051	---	12,051	---
Capital Assets Not Being Depreciated	266,833	33,600	300,433	32,400
Capital Assets Being Depreciated - Net	<u>6,755,716</u>	<u>6,920,568</u>	<u>13,676,284</u>	<u>268,069</u>
<b>Total Assets</b>	<u>8,680,327</u>	<u>7,251,187</u>	<u>15,931,514</u>	<u>311,169</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Accrued Expenses	160,622	41,632	202,254	433
Long-Term Liabilities:				
Due Within One Year	196,551	291,665	488,216	---
Due In More Than One Year	<u>1,180,450</u>	<u>4,200,000</u>	<u>5,380,450</u>	---
<b>Total Liabilities</b>	<u>1,537,623</u>	<u>4,533,297</u>	<u>6,070,920</u>	---
<b><u>Net Position</u></b>				
Invested In Capital Assets, Net of Related Debt	5,706,946	2,460,503	8,169,449	300,469
Restricted	493,569	---	493,569	---
Unrestricted	<u>942,189</u>	<u>255,387</u>	<u>1,197,576</u>	<u>10,267</u>
<b>Total Net Position</b>	<u>\$7,142,704</u>	<u>\$2,717,890</u>	<u>\$ 9,860,594</u>	<u>\$310,736</u>

**CITY OF HUDSON, MICHIGAN**  
**Government-wide Statement of Activities**  
**For The Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expenses) Revenues</u>
<b><u>Primary Government</u></b>					
<b><u>Governmental Activities:</u></b>					
General Government	\$ 961,157	\$ 708,202	\$117,818	\$232,322	\$ 97,185
Public Safety	1,214,827	606,795	100,624	---	(507,408)
Public Works	1,075,355	156,032	379,227	---	(540,096)
Community and Economic Development	355	---	---	---	(355)
Recreation and Culture	67,482	15,381	38,846	3,249	(10,006)
Interest on Long-Term Debt	20,194	---	---	---	(20,194)
Other Functions	<u>117,215</u>	<u>---</u>	<u>17,172</u>	<u>---</u>	<u>(100,043)</u>
<b>Total Governmental Activities</b>	<b><u>3,456,585</u></b>	<b><u>1,486,410</u></b>	<b><u>653,687</u></b>	<b><u>235,571</u></b>	<b><u>(1,080,917)</u></b>
<b><u>Business-Type Activities:</u></b>					
Public Works	1,232,652	1,164,679	---	32,551	(35,422)
Interest on Long-Term Debt	<u>91,796</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(91,796)</u>
<b>Total Business-Type Activities</b>	<b><u>1,324,448</u></b>	<b><u>1,164,679</u></b>	<b><u>---</u></b>	<b><u>32,551</u></b>	<b><u>(127,218)</u></b>
<b>Total Primary Government</b>	<b><u>\$4,794,783</u></b>	<b><u>\$2,651,089</u></b>	<b><u>\$653,687</u></b>	<b><u>\$268,122</u></b>	<b><u>\$(1,221,885)</u></b>
<b><u>Component Units:</u></b>					
Downtown Development Authority	<u>17,054</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 17,054</u>
<b>Total Component Unit</b>	<b><u>\$ 17,054</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ 17,054</u></b>

**CITY OF HUDSON, MICHIGAN**  
**Government-wide Statement Of Activities (Concluded)**  
**For The Year Ended June 30, 2022**

	<u>Primary Government</u>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Changes In Net Position</u></b>				
Net (Expense) Revenue	\$(1,080,917)	\$ (127,218)	\$ (1,208,135)	\$ (17,054)
General Revenues(Expense):				
Tax Collections	1,276,513	---	1,276,513	---
Grants and Contributions Not Restricted To Specific Programs	336,670	---	336,670	---
Earnings and Rentals	28,609	22	28,631	4,805
Interfund Transfers	<u>(695,632)</u>	<u>695,632</u>	<u>---</u>	<u>---</u>
<b>Total General Revenues,     Contributions and Transfers</b>	<u>946,160</u>	<u>695,654</u>	<u>1,641,814</u>	<u>4,805</u>
<b>Change In Net Position (Decrease)</b>	(134,757)	568,436	433,679	(12,249)
<b>Net Position, Beginning of Year</b>	<u>7,277,461</u>	<u>2,149,454</u>	<u>9,426,915</u>	<u>322,985</u>
<b>Net Position, End of Year</b>	<u>\$ 7,142,704</u>	<u>\$2,717,890</u>	<u>\$ 9,860,594</u>	<u>\$ 310,736</u>

<u>Fire Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$90,254	\$132,968	\$98,483	\$266,518	\$1,136,649
300	---	---	---	12,051
19,057	---	---	9	168,142
---	42,063	14,409	---	114,034
---	---	---	---	3,951
---	---	---	---	682
<u>\$109,611</u>	<u>\$175,031</u>	<u>\$112,892</u>	<u>\$266,527</u>	<u>\$1,435,509</u>
\$ ---	\$ ---	\$ ---	\$ ---	\$ 60,370
---	---	---	---	60,370
10,100	57	---	26,714	111,716
---	---	---	---	---
<u>10,100</u>	<u>57</u>	<u>---</u>	<u>26,714</u>	<u>111,716</u>
---	---	---	---	3,951
300	---	---	---	12,051
---	---	---	---	149,432
99,211	---	---	---	99,211
---	---	---	---	3,888
---	174,974	112,892	---	287,866
---	---	---	110,668	110,668
---	---	---	8,308	8,308
---	---	---	107,957	107,957
---	---	---	12,880	480,091
<u>99,511</u>	<u>174,974</u>	<u>112,892</u>	<u>239,813</u>	<u>1,263,423</u>
<u>\$109,611</u>	<u>\$175,031</u>	<u>\$112,892</u>	<u>\$266,527</u>	<u>\$1,435,509</u>

**CITY OF HUDSON, MICHIGAN**  
**Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds**  
**To Net Position Of Governmental Activities On The Statement of Net Position**  
**For The Year Ended June 30, 2022**

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**Fund Balances – Total Governmental Funds** \$ 1,263,423

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

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

<b>Add:</b>	Capital Assets	17,760,132
<b>(Deduct):</b>	Accumulated Depreciation	(10,737,583)

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

<b>Add:</b>	Net Position of governmental activities accounted for in the internal service fund.	185,166
-------------	---	---------

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

<b>(Deduct):</b>	Notes Payable- Ambulance	(153,068)
<b>(Deduct):</b>	Notes Payable- Lucas Device	(27,772)
<b>(Deduct):</b>	Notes Payable- Fire Truck	(384,763)
<b>(Deduct):</b>	Compensated Absences Long-term	(61,398)
<b>(Deduct):</b>	Accrued Interest Payable	(11,803)
<b>(Deduct):</b>	Capital Improvement Bond	(750,000)

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

<b>Add:</b>	Deferred Inflow of Resources – Property / Income Tax	<u>60,370</u>
-------------	--	---------------

**Net Position of Governmental Activities** \$ 7,142,704

<u>Fire Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ ---	\$ ---	\$ ---	\$ ---	\$1,290,509
---	274,560	104,667	---	715,897
---	---	---	---	19,622
---	---	---	---	7,403
---	---	---	15,381	1,459,385
79,538	---	---	24,829	28,609
10	---	---	---	79,538
---	---	---	38,846	194,172
---	---	---	---	232,322
<u>750</u>	<u>---</u>	<u>---</u>	<u>3,249</u>	<u>3,999</u>
<u>80,298</u>	<u>274,560</u>	<u>104,667</u>	<u>82,305</u>	<u>4,031,456</u>
---	---	---	111,934	801,405
92,051	---	---	---	1,054,239
---	128,776	88,994	---	963,453
---	---	---	---	355
---	---	---	43,045	43,045
1,808	---	---	20,250	73,116
---	---	---	---	117,215
48,151	---	---	---	310,768
<u>14,330</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>21,743</u>
<u>156,340</u>	<u>128,776</u>	<u>88,994</u>	<u>175,029</u>	<u>3,385,339</u>
<u>(76,042)</u>	<u>145,784</u>	<u>15,673</u>	<u>(92,924)</u>	<u>646,117</u>
124,961	15,000	18,000	---	286,442
---	---	---	(584,695)	(982,074)
---	---	---	<u>750,000</u>	<u>777,772</u>
<u>124,961</u>	<u>15,000</u>	<u>18,000</u>	<u>165,305</u>	<u>82,140</u>
48,919	160,784	33,673	72,381	728,257
<u>50,592</u>	<u>14,190</u>	<u>79,219</u>	<u>167,432</u>	<u>535,166</u>
<u>\$ 99,511</u>	<u>\$ 174,974</u>	<u>\$ 112,892</u>	<u>\$239,813</u>	<u>\$1,263,423</u>

**CITY OF HUDSON, MICHIGAN**  
**Reconciliation Of The Statement Of Revenues, Expenditures,**  
**And Changes In Fund Balances Of Governmental Statement Of Activities**  
**For The Year Ended June 30, 2022**

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**Net Change In Fund Balances – Total Governmental Funds (Decrease)** \$ 728,257

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

<b>Add:</b>	Capital Outlay	73,116
<b>(Deduct):</b>	Depreciation Expense	(451,113)

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

<b>Add:</b>	Principal payments on long-term liabilities	310,768
<b>Add:</b>	Accrued interest on long-term debt	1,549
<b>(Deduct):</b>	Loan Proceeds	(777,772)

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

<b>(Deduct):</b>	Increase in compensated absences long-term	(50,608)
------------------	--	----------

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

<b>Add:</b>	Increase in net position of governmental activities accounted for in the internal service fund	45,042
-------------	--	--------

Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities.

<b>(Deduct):</b>	Decrease in deferred revenue	<u>(13,996)</u>
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**Change In Net Position Of Governmental Activities (Decrease)** \$ (134,757)

**CITY OF HUDSON, MICHIGAN**  
**Statement of Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2022**

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities</u>
<u>Assets</u>	<u>Utilities Fund</u>	<u>Internal Service Fund</u>
Current Assets:		
Cash and Cash Equivalents	\$ 148,695	\$218,501
Accounts Receivable	134,256	3,768
Inventory	14,068	---
Prepaid Interest	<u>---</u>	<u>---</u>
<b>Total Current Assets</b>	<u>297,019</u>	<u>222,269</u>
Non-Current Assets:		
Property and Equipment - Net	<u>6,954,168</u>	<u>212,625</u>
<b>Total Non-Current Assets</b>	<u>6,954,168</u>	<u>212,625</u>
<b>Total Assets</b>	<u>\$7,251,187</u>	<u>\$434,894</u>
 <u>Liabilities</u>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities/Deposits	\$ 76,987	\$ 1,748
Bonds Payable, Current Portion	<u>291,665</u>	<u>---</u>
<b>Total Current Liabilities</b>	<u>368,652</u>	<u>1,748</u>
Non-Current Liabilities:		
Bonds Payable	<u>4,200,000</u>	<u>---</u>
<b>Total Non-Current Liabilities</b>	<u>4,200,000</u>	<u>---</u>
<b>Total Liabilities</b>	<u>4,568,652</u>	<u>1,748</u>
 <u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	2,462,503	212,625
Unrestricted	<u>220,032</u>	<u>220,521</u>
<b>Total Net Position</b>	<u>2,682,535</u>	<u>\$433,146</u>
 <b>Adjustment to Reflect The Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>	<u>35,355</u>	
 <b>Net Position of Business-Type Activities on the Government-Wide Statement of Net Position</b>	<u>\$2,717,890</u>	

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



**CITY OF HUDSON, MICHIGAN**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2022**

	<b><u>Business-Type Activities - Enterprise Funds</u></b>	<b><u>Governmental Activities</u></b>
	<b><u>Utilities Fund</u></b>	<b><u>Internal Service Fund</u></b>
<b><u>Operating Revenues</u></b>		
Charges for Services	<u>\$1,096,090</u>	<u>\$145,518</u>
<b><u>Operating Expenses</u></b>		
Salaries and Wages	136,654	---
Fringe Benefits	53,859	---
Office Expenses	363,527	36,267
Contractual Services	51,919	500
Supplies and Materials	79,319	39,419
Utilities	99,510	---
Depreciation	427,801	29,472
Repairs/Maintenance	17,196	21,381
Other Expenses	<u>2,867</u>	<u>86</u>
<b>Total Operating Expenses</b>	<u>1,232,652</u>	<u>127,125</u>
<b>Operating (Loss) Income</b>	<u>(136,562)</u>	<u>18,393</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>		
Investment Income	22	---
Interest (Expense)	(91,796)	---
Other - Miscellaneous	65,766	---
Grant Revenue - State	<u>32,551</u>	<u>---</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>6,543</u>	<u>---</u>
<b><u>Other Financing Sources</u></b>		
Transfer In	<u>695,632</u>	<u>---</u>
<b>Total Other Financing Sources</b>	<u>695,632</u>	<u>---</u>
<b>Net Income (Loss)</b>	565,613	18,393
<b>Net Position, Beginning of Year</b>	<u>2,116,922</u>	<u>414,753</u>
<b>Net Position, End of Year</b>	<u>\$2,682,535</u>	<u>\$433,146</u>

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

**CITY OF HUDSON, MICHIGAN**  
**Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities**  
**Proprietary Funds**  
**For The Year Ended June 30, 2022**

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<b><u>Change In Net Position – All Enterprise Funds (Decrease)</u></b>	<b>\$ 565,613</b>
An internal service fund is used by management to charge the cost of certain equipment usage to individual enterprise funds. The net revenue (expense) attributable to those funds is reported with the business-type activities	<u>2,823</u>
<b>Change In Net Position Of Business-Type Activities (Decrease)</b>	<b><u>\$ 568,436</u></b>

CITY OF HUDSON, MICHIGAN  
Statement of Cash Flows  
Proprietary Funds  
For The Year Ended June 30, 2022

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>	<u>Governmental</u> <u>Activities</u>
	<u>Utilities Fund</u>	<u>Internal Service Fund</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Cash Received from Customers	\$1,217,463	\$145,518
Cash Payment to Suppliers For Goods and Services/Employees	<u>(771,212)</u>	<u>(96,124)</u>
<b>Net Cash Provided (Used)</b>	<u>446,251</u>	<u>49,394</u>
<b><u>Cash Flows From Capital and</u></b> <b><u>Related Financing Activities</u></b>		
Grant Revenue - State	32,551	---
Purchase of Capital Assets	(147,653)	---
Sale of Capital Assets	---	---
Bond Principal Payments	(325,000)	---
Bond Interest Payments	(91,796)	---
Loan Proceeds	---	---
Transfer In	<u>695,632</u>	<u>---</u>
<b>Net Cash (Used) by Capital and</b> <b>Related Financing Activities</b>	<u>163,734</u>	<u>---</u>
<b><u>Cash Flows From Non-Capital</u></b> <b><u>Financing Activities</u></b>		
Bank Overdraft	<u>(461,312)</u>	<u>---</u>
<b>Net Cash Provided (Used) by</b> <b>Non-Capital Financing Activities</b>	<u>(461,312)</u>	<u>---</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Investment Income	<u>22</u>	<u>---</u>
<b>Net Cash Provided (Used) by</b> <b>Investing Activities</b>	<u>22</u>	<u>---</u>
<b><u>Net Increase (Decrease) in Cash and</u></b> <b><u>Cash Equivalents</u></b>	148,695	49,394
Cash and Cash Equivalents, Beginning of Year	<u>---</u>	<u>169,107</u>
Cash and Cash Equivalents, End of Year	<u>\$ 148,695</u>	<u>\$218,501</u>
<b><u>Reconciliation to Statement of Net Position</u></b>		
Cash and Cash Equivalents	<u>\$ 148,695</u>	<u>\$218,501</u>
	<u>\$ 148,695</u>	<u>\$218,501</u>

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

**CITY OF HUDSON, MICHIGAN**  
**Statement of Cash Flows (Concluded)**  
**Proprietary Funds**  
**For The Year Ended June 30, 2022**

	<b><u>Business-Type Activities - Enterprise Funds</u></b>	<b><u>Governmental Activities</u></b>
	<b><u>Utilities Fund</u></b>	<b><u>Internal Service Fund</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u></b>		
Income (Loss)	\$ (136,562)	\$ 18,393
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation/Amortization	427,801	29,472
Changes in Assets and Liabilities:		
Accounts Receivable, and Current Assets	55,607	---
Accounts Payable and Accrued Liabilities	<u>33,639</u>	<u>1,529</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>380,485</u>	<u>49,394</u>
<b><u>Cash Flows from Capital Activities</u></b>		
Acquisition of Capital Assets	(147,653)	---
Sale of Capital Assets	<u>---</u>	<u>---</u>
<b>Net Cash (Used) from Capital Activities</b>	<u>(147,653)</u>	<u>---</u>
<b><u>Cash Flows From Financing Activities:</u></b>		
Grant Revenue - State	32,551	---
Interest Income	22	---
Principal Paid on Bonds	(325,000)	---
Interest Paid on Bonds	(91,796)	---
Miscellaneous Income	65,766	---
Transfer In	<u>695,632</u>	<u>---</u>
<b>Net Cash (Used) from Financing Activities</b>	<u>377,175</u>	<u>---</u>
<b><u>Cash Flows From Non-Capital Activities</u></b>		
Bank Overdraft	<u>(461,312)</u>	<u>---</u>
<b>Net Cash (Used) from Non-Capital Financing Activities</b>	<u>(461,312)</u>	<u>---</u>
<b>Net Increase (Decrease) in Cash and</b>		
<b>Cash Equivalents</b>	148,695	49,394
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>---</u>	<u>169,107</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 148,695</u>	<u>\$218,501</u>
<b><u>Reconciliation to Statement of Net Position</u></b>		
Cash and Cash Equivalents	<u>\$ 148,695</u>	<u>\$218,501</u>
	<u>\$ 148,695</u>	<u>\$218,501</u>

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

**CITY OF HUDSON**  
**Fiduciary Funds – Statement of Net Position**  
**For The Year Ended June 30, 2022**

	<u>Current Tax Collection Fund</u>	<u>Payroll Fund</u>	<u>Total Custodial Funds</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ ---	\$1,931	\$1,931
<b>Total Assets</b>	<u>\$ ---</u>	<u>1,931</u>	<u>\$1,931</u>
<b><u>Liabilities</u></b>			
Due to Other Authorities	---	1,249	1,249
Due to General Fund	<u>\$ ---</u>	<u>\$ 682</u>	<u>\$ 682</u>
<b>Total Liabilities</b>	<u>\$ ---</u>	<u>\$1,931</u>	<u>\$1,931</u>

**Fiduciary Funds – Statement of Changes in Fiduciary Net Position**  
**For The Year Ended June 30, 2022**

	<u>Current Tax Collection</u>	<u>Payroll Fund</u>	<u>Total Custodial Funds</u>
<b>Additions</b>			
Property Tax Collections	\$2,338,668	\$ ---	\$2,338,668
Miscellaneous	<u>---</u>	<u>1,056,607</u>	<u>1,056,607</u>
<b>Total Additions</b>	<u>2,338,668</u>	<u>1,056,607</u>	<u>3,395,275</u>
<b>Deductions</b>			
Payments of property taxes to other governments	2,338,668	---	2,338,668
Miscellaneous	<u>---</u>	<u>1,056,607</u>	<u>1,056,607</u>
<b>Total Deductions</b>	<u>2,338,668</u>	<u>1,056,607</u>	<u>3,395,275</u>
<b>Changes in Net Position</b>	---	---	---
Net position, beginning of year	<u>---</u>	<u>---</u>	<u>---</u>
<b>Net Position, end of year</b>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

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

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of City Operations**

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

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

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

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

**Discretely Presented Component Unit**

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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

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

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

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

**The government reports the following major governmental funds:**

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

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

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

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

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

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

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

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**The government reports the following major proprietary funds:**

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

**The government reports the following component unit:**

**The Component Unit** – consists of the following:

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

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

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

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

Proprietary Funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Funds are charges to customers for sales and services. The Utilities Funds also recognize, as operating revenues, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**D. Estimates**

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



**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**E. Assets, Liabilities, and Net Position or Equity**

**1. Bank Deposits and Investment**

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

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

**2. Receivables and Payables**

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

**3. Prepaid Items**

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

**4. Inventories**

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

**5. Restricted Assets**

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

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**6. Capital Assets**

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

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

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

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

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

**7. Compensated Absences**

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

**8. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**9. Fund Balance Classification Policies and Procedures**

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

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

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

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

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

***Unassigned Fund Balance Classification*** is the residual.

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

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

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

**B. Excess of Expenditures Over Appropriations In Budgeted Funds** - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended June 30, 2022, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund:</b>			
<b>General Government:</b>			
City Manager	\$ 153,823	\$ 155,610	\$ 1,787
Clerk	99,680	101,895	2,215
Elections	4,135	4,911	776
<b>Public Safety</b>			
Inspections	9,300	11,112	1,812
<b>Public Works:</b>			
Refuse Collection	117,448	119,277	1,829
<b>Debt Service:</b>			
Principle Payments	---	239,834	239,834
Interest Payments	---	1,715	1,715
<b>Ambulance Fund:</b>			
Capital Outlay	23,285	51,058	27,773
<b>Debt Service:</b>			
Principle Payments	---	22,783	22,783
Interest Payments	---	5,698	5,698
<b>Fire Fund:</b>			
Public safety	86,101	92,051	5,950
Debt Retirement	---	62,481	62,481

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

Below is a reconciliation of deposits and investments as of June 30, 2022:

<u>Statement of Net Position</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Cash and Cash Equivalents	<u>\$1,471,168</u>	<u>\$10,700</u>	<u>\$1,481,868</u>
<b>Totals</b>	<u>\$1,471,168</u>	<u>\$10,700</u>	<u>\$1,481,868</u>
<b><u>Deposits and Investments</u></b>			
Bank Deposits (Checking, Savings, Money Markets and Certificates of Deposits)			<u>\$1,481,868</u>
<b>Total</b>			<u>\$1,481,868</u>

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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The government complies with state law regarding their investment policy. All deposits are uncollateralized and in the government's name. Due to the dollar amounts of cash deposits and limits of FDIC insurance, the government believes it is impractical to insure all bank deposits. The government does evaluate the financial institutions as to risk. The government has no policy regarding custodial credit risk for deposits. The amount insured thru FDIC for primary government was \$344,309 the amount insured for the component units was \$10,700.

**Custodial Credit Risk - Investment**

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

**Credit Risk**

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

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The government's policy does not limit investments to one user. As of June 30, 2022, the only investments held by the City were certificates of deposit, which are included in the cash and cash equivalents shown on page 33.

**Interest Rate Risk**

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

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 266,833	\$ ---	\$ ---	\$ 266,833
	<u>266,833</u>	<u>---</u>	<u>---</u>	<u>266,833</u>
Capital Assets, Being Depreciated:				
Buildings	2,058,712	20,250	---	2,078,962
Vehicles	2,662,859	---	---	2,662,859
Equipment	3,587,244	52,866	---	3,640,110
Infrastructure	9,111,368	---	---	9,111,368
<b>Total Capital Assets Being Depreciated</b>	<u>17,420,183</u>	<u>73,116</u>	<u>---</u>	<u>17,493,299</u>
Less Accumulated Depreciation For:				
Buildings	(1,288,383)	(46,944)	---	(1,335,327)
Vehicles	(1,871,442)	(87,542)	---	(1,958,984)
Equipment	(2,242,868)	(94,144)	---	(2,337,012)
Infrastructure	(4,883,777)	(222,483)	---	(5,106,260)
<b>Total Accumulated Depreciation</b>	<u>10,286,470</u>	<u>(451,113)</u>	<u>---</u>	<u>(10,737,583)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>7,133,713</u>	<u>(377,997)</u>	<u>---</u>	<u>6,755,716</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 7,400,546</u>	<u>\$ (377,997)</u>	<u>\$ ---</u>	<u>\$ 7,022,549</u>
<b><u>Business-Type Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 33,600	\$ ---	\$ ---	\$ 33,600
	<u>33,600</u>	<u>---</u>	<u>---</u>	<u>33,600</u>
Capital Assets, Being Depreciated:				
Buildings and Systems	14,666,269	147,653	---	14,813,922
Equipment	448,334	---	---	448,334
<b>Total Capital Assets Being Depreciated</b>	<u>15,114,603</u>	<u>147,653</u>	<u>---</u>	<u>15,262,256</u>
Less Accumulated Depreciation For:				
Buildings	(7,501,100)	(421,911)	---	(7,923,011)
Equipment	(412,787)	(5,890)	---	(418,677)
<b>Total Accumulated Depreciation</b>	<u>(7,913,887)</u>	<u>(427,801)</u>	<u>---</u>	<u>(8,341,688)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>7,200,716</u>	<u>(280,148)</u>	<u>---</u>	<u>6,920,568</u>
<b>Business Type Activities Capital Assets, Net</b>	<u>\$ 7,234,316</u>	<u>(280,148)</u>	<u>\$ ---</u>	<u>\$ 6,954,168</u>

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Component Unit Activity - DDA</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 32,400	\$ ---	\$ ---	\$ 32,400
<b>Total Capital Assets Not Being Depreciated</b>	<u>32,400</u>	<u>---</u>	<u>---</u>	<u>32,400</u>
Capital Assets Being Depreciated:				
Building Improvements	396,135	---	---	396,135
Equipment	16,733	---	---	16,733
<b>Total Capital Assets Being Depreciated</b>	<u>412,868</u>	<u>---</u>	<u>---</u>	<u>412,868</u>
Less Accumulated Depreciation For:				
Building Improvements	(115,657)	(14,907)	---	(130,564)
Equipment	(13,434)	(801)	---	(14,235)
<b>Total Accumulated Depreciation</b>	<u>(129,091)</u>	<u>(15,708)</u>	<u>---</u>	<u>(144,799)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>283,777</u>	<u>(15,708)</u>	<u>---</u>	<u>268,069</u>
<b>Component Unit - DDA Capital Assets, Net</b>	<u>\$316,177</u>	<u>\$(15,708)</u>	<u>\$ ---</u>	<u>\$ 300,469</u>

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**NOTE 4 – CAPITAL ASSETS (Continued)**

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

**Governmental Activities:**

General Government	\$111,202
Public Safety	158,530
Public Works	127,472
Culture and Recreation	24,437
Capital Assets Held By The Government's Internal Service Funds Are Charged To The Various Functions Based On Their Usage Of The Assets.	<u>29,472</u>

<b>Total Depreciation Expense Governmental Activities</b>	<b><u>\$451,113</u></b>
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**Business-Type Activities:**

Public Works	<u>\$427,801</u>
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<b>Total Depreciation Expense Business-Type Activities</b>	<b><u>\$427,801</u></b>
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**Component Unit Activities:**

Equipment	\$ 801
Building Improvements	<u>14,907</u>

<b>Total Depreciation Expense Component Unit Activities</b>	<b><u>\$ 15,708</u></b>
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**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**NOTE 6 – TRANSFERS**

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

<u>Transfers In</u>	<u>Transfers Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Income Tax Fund</u>	<u>Capital Improvement Fund</u>	
General/Sidewalk	\$ ---	\$ 10,000	\$ ---	\$ 10,000
Major Street	---	15,000	---	15,000
Utilities	---	201,899	493,733	695,632
Fire	---	62,480	62,481	124,961
Ambulance	30,000	60,000	28,481	118,481
Local Street	---	18,000	---	18,000
	<u>\$ 30,000</u>	<u>\$367,379</u>	<u>\$584,695</u>	<u>\$982,074</u>

**NOTE 7 – PROPERTY TAXES:**

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

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

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

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

**NOTE 8 – LONG TERM DEBT**

Long-term debt consists of the following:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
<b><u>Business-Type Activities</u></b>					
Bonds Payable – 2001					
Drinking Water Program	\$ 181,665	\$ ---	\$110,000	\$ 71,665	\$ 71,665
Waste Water Treatment Plant - 2017 Bond	<u>4,635,000</u>	<u>---</u>	<u>215,000</u>	<u>4,420,000</u>	<u>220,000</u>
<b>Sub-Total</b>	<u>4,816,665</u>	<u>---</u>	<u>325,000</u>	<u>4,491,665</u>	<u>291,665</u>
<b><u>Governmental-Type Activities</u></b>					
Notes Payable –					
2017 Ambulance	175,851	---	22,783	153,068	23,522
Lucas Device	---	41,658	13,886	27,772	13,886
Fire Truck	432,914	---	48,151	384,763	49,745
Capital Improvement Bond	---	750,000	---	750,000	58,000
Compensated Absences	<u>10,790</u>	<u>61,398</u>	<u>10,790</u>	<u>61,398</u>	<u>61,398</u>
<b>Sub-Total</b>	<u>619,555</u>	<u>853,056</u>	<u>95,610</u>	<u>1,377,001</u>	<u>196,551</u>
<b>Total</b>	<u><b>\$5,436,220</b></u>	<u><b>\$853,056</b></u>	<u><b>\$420,610</b></u>	<u><b>\$5,868,666</b></u>	<u><b>\$488,216</b></u>

**Ambulance – 2017 International**

**Title of Issue:** Ambulance – Note Payable – Old National Bank  
**Purpose:** Purchase 2 Ambulances  
**Date of Note:** October 7, 2017  
**Maturity of Note:** October 31, 2027  
**Interest Rate:** 3.24%  
**Payments:** Annually at \$248,481 including interest – starting October 31, 2018  
**Amount of Note:** \$240,000

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
October 31, 2022	28,481	4,959	23,522
October 31, 2023	28,481	4,197	24,284
October 31, 2024	28,481	3,410	25,071
October 31, 2025	28,481	2,598	25,883
October 31, 2026	28,481	1,760	26,721
October 21, 2027	<u>28,481</u>	<u>894</u>	<u>27,587</u>
	<u>\$170,886</u>	<u>\$17,818</u>	<u>\$153,068</u>

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

**NOTE 8 – LONG TERM DEBT (CONTINUED)**

**City of Hudson – Lucas Device and Power Cot**

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

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
April 3, 2023	13,886	---	13,886
April 3, 2024	<u>13,886</u>	<u>---</u>	<u>13,886</u>
	<u>27,772</u>	<u>---</u>	<u>27,772</u>

**City of Hudson – Capital Improvement Bond**

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

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
September 1, 2022	\$ 78,625	\$ 20,625	\$ 58,000
March 1, 2023	19,030	19,030	
September 1, 2023	80,030	19,030	61,000
March 1, 2024	17,353	17,353	
September 1, 2024	82,352	17,353	65,000
March 1, 2025	15,565	15,565	
September 1, 2025	83,565	15,565	68,000
March 1, 2026	13,695	13,695	
September 1, 2026	85,695	13,695	72,000
March 1, 2027	11,715	11,715	
September 1, 2027	87,715	11,715	76,000
March 1, 2028	9,625	9,625	
September 1, 2028	89,625	9,625	80,000
March 1, 2029	7,425	7,425	
September 1, 2029	92,425	7,425	85,000
March 1, 2030	5,088	5,088	
September 1, 2030	95,087	5,087	90,000
March 1, 2031	2,613	2,613	
September 1, 2031	<u>97,612</u>	<u>2,612</u>	<u>95,000</u>
	<u>\$974,840</u>	<u>\$224,840</u>	<u>\$ 750,000</u>

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**NOTE 8 – LONG TERM DEBT (CONTINUED)**

**City of Hudson – 2019 Spartan Pumper**

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

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
October 31, 2022	62,480	12,736	49,745
October 31, 2023	62,480	11,089	51,391
October 31, 2024	62,480	9,388	53,092
October 31, 2025	62,480	7,631	54,850
October 31, 2026	62,480	5,815	56,665
October 31, 2027	62,480	3,940	58,541
October 31, 2028	<u>62,485</u>	<u>2,002</u>	<u>60,479</u>
	<u>\$437,365</u>	<u>\$52,602</u>	<u>\$384,763</u>

**City of Hudson – Drinking Water Bond Issue**

**Title of Issue:** City of Hudson Drinking Water Program General  
Obligation Bonds  
**Purpose:** Drinking Water, etc.  
**Date of Issue:** June 28, 2001  
**Interest Rate:** 2.50%  
**Interest Payable:** Semi-Annual on October 1, and April 1, of each year  
**Amount of Issue:** \$1,731,665

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
October 1, 2022	<u>71,785</u>	<u>120</u>	<u>71,665</u>
	<u>\$ 71,785</u>	<u>\$ 120</u>	<u>\$ 71,665</u>

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**NOTE 8 – LONG TERM DEBT (CONTINUED)**

**City of Hudson – Waste Water Treatment Plant Bond Issue**

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

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
October 1, 2022	\$ 263,350	\$ 43,930	\$ 220,000
April 1, 2023	41,150	41,730	
October 1, 2023	266,150	41,730	225,000
April 1, 2024	38,900	39,480	
October 1, 2024	268,900	39,480	230,000
April 1, 2025	36,600	37,180	
October 1, 2025	271,600	37,180	235,000
April 1, 2026	34,250	34,830	
October 1, 2026	274,250	34,830	240,000
April 1, 2027	31,850	32,430	
October 1, 2027	276,850	32,430	245,000
April 1, 2028	29,400	29,980	
October 1, 2028	279,400	29,980	250,000
April 1, 2029	26,900	27,480	
October 1, 2029	281,900	27,480	255,000
April 1, 2030	24,350	24,930	
October 1, 2030	284,350	24,930	260,000
April 1, 2031	21,750	22,330	
October 1, 2031	286,750	22,330	265,000
April 1, 2032	19,100	19,680	
October 1, 2032	289,100	19,680	270,000
April 1, 2033	16,400	16,980	
October 1, 2033	291,400	16,980	275,000
April 1, 2034	13,650	14,230	
October 1, 2034	293,650	14,230	280,000
April 1, 2035	10,850	11,430	
October 1, 2035	295,850	11,430	285,000
April 1, 2036	8,000	8,580	
October 1, 2036	298,000	8,580	290,000
April 1, 2037	5,680	5,680	
October 1, 2037	300,680	5,680	295,000
April 1, 2038	2,730	2,730	
October 1, 2038	<u>302,730</u>	<u>2,730</u>	<u>300,000</u>
	<u>\$5,203,290</u>	<u>\$ 783,290</u>	<u>\$4,420,000</u>

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**Maturities of Long-Term Debt**

Maturities for the long-term debt are as follows:

<u>Due Dates</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
2023	641,346	143,130	498,216
2024	508,440	132,879	375,561
2025	495,538	122,375	373,163
2026	495,232	111,499	383,733
2027-2030	1,863,257	330,264	1,532,993
2031-2035	1,728,112	193,112	1,535,000
2036-2039	<u>1,215,410</u>	<u>45,410</u>	<u>1,170,000</u>
	<u>\$6,947,335</u>	<u>\$1,078,669</u>	<u>\$5,868,666</u>

**NOTE 9 – SHORT-TERM DEBT**

The City issued a \$239,834 tax anticipation note in the prior fiscal year to manage the temporary cash flow deficits that occur when the timing of required expenditures does not coincide with the timing of the collection of taxes and other revenues. The note carried an interest rate of 4% and matured on July 1, 2022.

Short-term debt activity for the year ended June 30, 2022, was as follows:

Beginning balance	\$ 239,834
Additions	---
Reductions	<u>239,834</u>
Ending balance	<u>\$ ---</u>

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

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

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

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

**NOTE 11 – PENSION PLAN**

The government offers all full time employees a 401(k) plan which is a tax qualified defined contribution pension plan created in accordance with subsection 401(k) of the Internal Revenue Codes. The assets of the plans were held in custodial accounts as provided in IRC Section 401(k) for the exclusive benefit of the employees and their beneficiaries.

The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the government's financial statements. Contributions are made by the City and employees.

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**NOTE 12 – OTHER INFORMATION**

**Risk Management**

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**NOTE 13 – RECEIVABLES**

Receivables of the governmental activities and business-type activities of the government at June 30, 2022 consist of the following:

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>
Property Taxes/Assessments	\$ 10,550	\$ ---
Income Taxes	49,820	---
Ambulance Runs / Fire	93,683	---
State of Michigan	114,415	---
Equipment Rent	---	---
Refuse	13,699	---
Utilities	---	134,256
Interest	<u>9</u>	<u>---</u>
<b>Totals</b>	<b><u>\$282,176</u></b>	<b><u>\$134,256</u></b>

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

**NOTE 14 – INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2022 the following were interfund receivables and payables in the fund statement.

<b><u>Fund</u></b>	<b><u>Interfund Receivables</u></b>	<b><u>Fund</u></b>	<b><u>Interfund Payables</u></b>
General	<u>\$ 682</u>	Payroll	<u>\$ 682</u>
<b>Total</b>	<b><u>\$ 682</u></b>	<b>Total</b>	<b><u>\$ 682</u></b>

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

**CITY OF HUDSON, MICHIGAN**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2022**

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**NOTE 15 – SUBSEQUENT EVENTS**

Management has reviewed the events occurring through November 17, 2022, the date the financial statements were available to be issued. There were no subsequent events known that would affect these financial statements.

**NOTE 16 – INVESTMENTS**

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

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

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

**NOTE 17 – SEGMENT INFORMATION – ENTERPRISE FUNDS**

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

**NOTE 18 – TAX ABATEMENTS**

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

For the fiscal year ended June 30, 2022, the City did not have any outstanding tax abatements.



**CITY OF HUDSON, MICHIGAN**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$ 226,073	\$ 226,073	\$ 226,073	\$ ---
<b>Resources (Inflows)</b>				
Taxes and Assessments	368,553	450,618	691,137	240,519
Intergovernmental	278,000	301,906	336,670	34,764
Grants	116,156	116,624	232,322	115,698
Licenses and Permits	16,050	19,540	19,622	82
Fines and Forfeitures	7,500	7,500	7,403	(97)
Charges for Services	802,908	836,854	837,209	355
Interest and Rentals	3,560	3,560	3,762	202
Other	8,000	55,257	117,818	62,561
Transfers from Other Funds	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>---</u>
 <b>Amounts Available for Appropriation</b>	 <u>1,836,800</u>	 <u>2,027,932</u>	 <u>2,482,016</u>	 <u>454,084</u>
 <b><u>Charges to Appropriations (Outflows)</u></b>				
<b>General Government</b>				
City Council	22,526	32,252	29,090	3,162
City Manager	112,073	153,823	155,610	(1,787)
Office Operations	134,613	149,146	148,612	534
Treasurer	83,383	84,896	83,857	1,039
Assessing	21,450	21,620	21,477	143
Clerk	92,067	99,680	101,895	(2,215)
Elections	5,150	4,135	4,911	(776)
City Attorney/Auditing	23,200	26,446	16,090	10,356
Buildings and Grounds	<u>18,400</u>	<u>16,402</u>	<u>14,787</u>	<u>1,615</u>
	<u>512,862</u>	<u>588,400</u>	<u>576,329</u>	<u>12,071</u>
 <b>Public Safety</b>				
Police	402,744	387,279	372,343	14,936
Inspections	<u>10,250</u>	<u>9,300</u>	<u>11,112</u>	<u>(1,812)</u>
	<u>412,994</u>	<u>396,579</u>	<u>383,455</u>	<u>13,124</u>
 <b>Community Economic Development</b>				
Zoning	<u>1,885</u>	<u>355</u>	<u>355</u>	<u>---</u>
 <b>Public Works</b>				
Mosquito Spraying	4,000	4,000	411	3,589
Sanitary Landfill	5,000	5,000	5,000	---
Street Maintenance & Lighting	595,137	615,990	613,508	2,482
Spring/Fall Cleanup	13,500	9,987	7,487	2,500
Refuse Collection	<u>117,448</u>	<u>117,448</u>	<u>119,277</u>	<u>(1,829)</u>
	<u>735,085</u>	<u>752,425</u>	<u>745,683</u>	<u>6,742</u>

**CITY OF HUDSON, MICHIGAN**  
**Budgetary Comparison Schedule (Concluded)**  
**General Fund**  
**For The Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Charges to Appropriations (Outflows)</u></b> <b><u>(Continued)</u></b>				
Other Functions	\$ 129,725	\$ 153,234	\$ 117,215	\$ 36,019
Capital Outlay	---	---	---	---
Transfers to Other Funds	30,000	30,000	30,000	---
<b>Debt Service</b>				
Principle Payments	---	---	239,834	(239,834)
Interest Payments	---	---	1,715	(1,715)
<b>Total Charges to Appropriations</b>	<u>1,822,551</u>	<u>1,920,993</u>	<u>2,094,586</u>	<u>(173,593)</u>
<b>Ending of Year Fund Balance</b>	<u>\$ 14,249</u>	<u>\$ 106,939</u>	<u>\$ 387,430</u>	<u>\$ 280,491</u>

**CITY OF HUDSON, MICHIGAN**  
**Budgetary Comparison Schedule**  
**Ambulance Fund (Major Special Revenue Funds)**  
**For The Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$ (19,002)	\$ (19,002)	\$ (19,002)	\$ ---
<b><u>Resources (Inflows)</u></b>				
Taxes	55,117	55,117	53,332	(1,785)
Charges For Services	540,995	535,500	606,795	71,295
Interest Income	11	11	---	(11)
Transfer In From Funds	158,932	158,932	118,481	(40,451)
Other	---	---	20,326	20,326
Loan Proceeds	<u>---</u>	<u>---</u>	<u>27,772</u>	<u>27,772</u>
 <b>Amounts Available for     Appropriation</b>	 <u>736,053</u>	 <u>730,558</u>	 <u>807,904</u>	 <u>77,146</u>
 <b><u>Charges to Appropriations (Outflows)</u></b>				
<b>Public Safety</b>				
Ambulance	605,574	621,510	578,733	42,777
Capital Outlay	18,000	23,285	51,058	(27,773)
Debt Service:				
Principle Payments	28,935	---	22,783	(22,783)
Interest Payments	<u>---</u>	<u>---</u>	<u>5,698</u>	<u>(5,698)</u>
 <b>Total Charges         to Appropriations</b>	 <u>652,509</u>	 <u>644,795</u>	 <u>658,272</u>	 <u>(13,477)</u>
 <b>Ending of Year     Fund Balance</b>	 <u>\$ 83,544</u>	 <u>\$ 85,763</u>	 <u>\$149,432</u>	 <u>\$ 63,669</u>

**CITY OF HUDSON, MICHIGAN**  
**Budgetary Comparison Schedule**  
**Income Tax Fund (Major Special Revenue Fund)**  
**For The Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$ 16,662	\$ 16,662	\$ 16,662	\$ ---
<b><u>Resources (Inflows)</u></b>				
Taxes	566,801	566,801	546,040	(20,761)
Interest and Rentals	100	100	18	(82)
Other	<u>---</u>	<u>---</u>	<u>17,172</u>	<u>17,172</u>
<b>    Amounts Available for     Appropriation</b>	<u>583,563</u>	<u>583,563</u>	<u>579,892</u>	<u>(3,671)</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
General Government	119,733	119,733	113,142	6,591
Transfers to Other Funds	441,331	443,811	367,379	76,432
Capital Outlay	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<b>    Total Charges     to Appropriations</b>	<u>561,064</u>	<u>563,544</u>	<u>480,521</u>	<u>83,023</u>
<b>Ending of Year Fund Balance</b>	<u>\$ 22,499</u>	<u>\$ 20,019</u>	<u>\$ 99,371</u>	<u>\$ 79,352</u>

**CITY OF HUDSON, MICHIGAN**  
**Budgetary Comparison Schedule**  
**Fire Fund (Major Special Revenue Fund)**  
**For The Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$ 50,592	\$ 50,592	\$ 50,592	\$ ---
<b><u>Resources (Inflows)</u></b>				
Contribution from Local Units	78,316	78,316	79,538	1,222
Donations	200	200	750	550
Transfer in from Funds	60,000	62,480	124,961	62,481
Other Revenue	50	50	10	(40)
Interest and Rentals	10	10	---	(10)
	<u>189,168</u>	<u>191,648</u>	<u>255,851</u>	<u>64,203</u>
<b>Amounts Available for Appropriation</b>				
<b><u>Charges to Appropriations (Outflows)</u></b>				
Public Safety	91,301	86,101	92,051	(5,950)
Capital Outlay	---	18,000	1,808	16,192
Debt Retirement	62,500	---	62,481	(62,481)
	<u>153,801</u>	<u>104,101</u>	<u>156,340</u>	<u>(52,239)</u>
<b>Total Charges to Appropriations</b>				
<b>Ending of Year Fund Balance</b>	<u>\$ 35,367</u>	<u>\$ 87,547</u>	<u>\$ 99,511</u>	<u>\$ 11,964</u>

**CITY OF HUDSON, MICHIGAN**  
**Budgetary Comparison Schedule**  
**Major Street Fund (Major Special Revenue Fund)**  
**For The Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$ 14,190	\$ 14,190	\$ 14,190	\$ ---
<b>Resources (Inflows)</b>				
Intergovernmental	253,690	253,690	274,560	20,870
Interest and Rentals	300	300	---	(300)
Transfers from Other Funds	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>---</u>
<b>Amounts Available for Appropriation</b>	<u>283,180</u>	<u>283,180</u>	<u>303,750</u>	<u>20,570</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
Public Works	137,525	146,875	128,776	18,099
Transfers to Other Funds	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<b>Total Charges to Appropriations</b>	<u>137,525</u>	<u>146,875</u>	<u>128,776</u>	<u>18,099</u>
<b>Ending of Year Fund Balance</b>	<u>\$145,655</u>	<u>\$136,305</u>	<u>\$174,974</u>	<u>\$ 38,669</u>

**CITY OF HUDSON, MICHIGAN**  
**Budgetary Comparison Schedule**  
**Local Street Fund (Major Special Revenue Fund)**  
**For The Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$ 79,219	\$ 79,219	\$ 79,219	\$ ---
<b>Resources (Inflows)</b>				
Intergovernmental	101,000	101,000	104,667	3,667
Transfers from Other Funds	18,000	18,000	18,000	---
Interest Income	<u>20</u>	<u>20</u>	<u>---</u>	<u>(20)</u>
<b>Amounts Available for Appropriation</b>	<u>198,239</u>	<u>198,239</u>	<u>201,886</u>	<u>3,647</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
Public Works	<u>97,635</u>	<u>97,635</u>	<u>88,994</u>	<u>8,641</u>
<b>Total Charges to Appropriations</b>	<u>97,635</u>	<u>97,635</u>	<u>88,994</u>	<u>8,641</u>
<b>Ending of Year Fund Balance</b>	<u>\$100,604</u>	<u>\$100,604</u>	<u>\$112,892</u>	<u>\$12,288</u>

<u>Special Revenue Funds</u>				<u>Permanent Fund</u>	<u>Total Non-Major Governmental Funds</u>
<u>Community Center</u>	<u>Library</u>	<u>Museum</u>	<u>Industrial Park</u>	<u>Cemetery Perpetual Care</u>	
\$17,341	\$ ---	\$65,542	\$13,280	\$2,291	\$233,841
---	---	32,677	---	---	32,677
---	---	9	---	---	9
<u>17,341</u>	<u>\$ ---</u>	<u>\$98,228</u>	<u>\$13,280</u>	<u>\$2,291</u>	<u>\$266,527</u>
\$10,250	\$ ---	\$ ---	\$ ---	\$ ---	\$ 10,250
2,314	---	---	---	---	2,314
---	---	---	400	---	14,150
<u>12,564</u>	<u>---</u>	<u>---</u>	<u>400</u>	<u>---</u>	<u>26,714</u>
---	---	---	---	---	5,372
---	---	---	---	---	8,308
4,777	---	---	---	---	4,777
---	---	98,228	---	---	98,228
---	---	---	---	2,291	2,291
---	---	---	---	---	---
---	---	---	---	---	107,957
---	---	---	12,880	---	12,880
<u>4,777</u>	<u>---</u>	<u>98,228</u>	<u>12,880</u>	<u>2,291</u>	<u>239,813</u>
<u>\$ 17,341</u>	<u>\$ ---</u>	<u>\$98,228</u>	<u>\$13,280</u>	<u>\$2,291</u>	<u>\$266,527</u>



<u>Special Revenue Funds</u>				<u>Permanent Fund</u>	<u>Total Non-Major Governmental Funds</u>
<u>Community Center</u>	<u>Library</u>	<u>Museum</u>	<u>Industrial Park</u>	<u>Cemetery Perpetual Care</u>	
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 15,381
16,205	---	8,598	---	26	24,829
27,979	65	2	---	---	38,846
<u>---</u>	<u>---</u>	<u>3,249</u>	<u>---</u>	<u>---</u>	<u>3,249</u>
<u>44,184</u>	<u>65</u>	<u>11,849</u>	<u>---</u>	<u>26</u>	<u>82,305</u>
---	---	---	1,372	---	111,934
18,279	12,113	9,677	---	---	43,045
<u>20,250</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>20,250</u>
<u>38,529</u>	<u>12,113</u>	<u>9,677</u>	<u>1,372</u>	<u>---</u>	<u>175,229</u>
<u>5,655</u>	<u>(12,048)</u>	<u>2,172</u>	<u>(1,372)</u>	<u>26</u>	<u>(92,924)</u>
---	---	---	---	---	(584,695)
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>750,000</u>
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>165,305</u>
5,655	(12,048)	2,172	(1,372)	26	72,381
(878)	12,048	96,056	14,252	2,265	167,432
<u>\$ 4,777</u>	<u>\$ ---</u>	<u>\$ 98,228</u>	<u>\$12,880</u>	<u>\$2,291</u>	<u>\$239,813</u>

**CITY OF HUDSON, MICHIGAN**  
**Balance Sheet**  
**Component Units**  
**For The Year Ended June 30, 2022**

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	<b><u>Downtown Development Authority</u></b>	<b><u>Adjustments</u></b>	<b><u>Statement of Net Position</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$10,700	\$ ---	\$ 10,700
Capital Assets, Net	<u>---</u>	<u>300,469</u>	<u>300,469</u>
<b>Total Assets</b>	<b><u>\$10,700</u></b>	<b><u>\$300,469</u></b>	<b><u>\$311,169</u></b>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 33	\$ ---	\$ 33
Deferred Revenue	<u>400</u>	<u>---</u>	<u>400</u>
<b>Total Liabilities</b>	<b><u>433</u></b>	<b><u>---</u></b>	<b><u>433</u></b>
<b><u>Fund Balance/Net Position</u></b>			
Unassigned	10,267	<u>(10,267)</u>	<u>---</u>
<b>Total Fund Balance</b>	<b><u>10,267</u></b>	<b><u>(10,267)</u></b>	<b><u>---</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 10,700</u></b>		
<b><u>Net Position</u></b>			
Invested in Capital Assets		300,469	300,469
Unrestricted		<u>10,267</u>	<u>10,267</u>
<b>Total Net Position</b>		<b><u>\$310,736</u></b>	<b><u>\$310,736</u></b>

**CITY OF HUDSON, MICHIGAN**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Component Units**  
**For The Year Ended June 30, 2022**

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	<b>Downtown Development Authority</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b><u>Revenues</u></b>			
Miscellaneous Income	\$ 4	\$ ---	\$ 4
Rental Income	4,800	---	4,800
Interest	<u>1</u>	<u>---</u>	<u>1</u>
<b>Total Revenues</b>	<u>4,805</u>	<u>---</u>	<u>4,805</u>
<b><u>Expenditures</u></b>			
Depreciation	---	15,708	15,708
Operating Expenses	<u>1,346</u>	<u>---</u>	<u>1,346</u>
<b>Total Expenditures</b>	<u>1,346</u>	<u>15,708</u>	<u>17,054</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>3,459</u>	<u>(15,708)</u>	<u>(12,249)</u>
<b>Fund Balance/Net Position Beginning of Year</b>	<u>6,808</u>	<u>316,177</u>	<u>322,985</u>
<b>Fund Balance/Net Position End of Year</b>	<u>\$ 10,267</u>	<u>\$300,469</u>	<u>\$310,736</u>

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